

Supplementary information on agenda item 9.4:

Annual Financial Statements for BMW Fahrzeugtechnik
GmbH as of 31 December 2019

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Annual Financial Statements of BMW Fahrzeugtechnik GmbH Financial year 2019

BMW Fahrzeugtechnik GmbH

Balance sheet as at 31 December

in € thou.	Appendix	2019	2018
Assets			
Intangible assets	1	2	4
Property, plant and equipment	2	32.039	29.985
Financial assets	3	3.261	3.261
Fixed assets		35.302	33.250
Inventories	4	57.719	62.958
Receivables and other assets	5	51.683	12.829
Current assets		109.402	75.787
Balance sheet total		144.704	109.037
Liabilities			
Subscribed capital		26	26
Capital reserve		11.262	11.262
Retained earnings		62	62
Balance sheet profit		7	7
Equity	6	11.357	11.357
Other provisions	7	6.238	5.575
Liabilities from deliveries and services		8.113	6.959
Amounts owed to affiliated companies		118.703	84.829
Other liabilities		293	317
Liabilities	8	127.109	92.105
Balance sheet total		144.704	109.037

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Profit and loss account

in € thou.	Appendix	2019	2018
Revenues	9	86.320	76.819
Production costs of the services rendered to generate the sales revenue		-82.517	-73.097
Gross profit from sales		3.803	3.722
Distribution costs		-665	-427
General administrative expenses		-2.844	-2.752
Other operating income	10	1.113	761
Other operating expenses	11	-635	-598
Income from participations	12	11.050	0
Other interest and similar income	13	72	57
Interest and similar expenses	14	-814	-728
Result after taxes		11.080	35
Other taxes		-47	-17
Profits transferred under a profit and loss transfer agreement		-11.033	-18
Net profit for the year		0	0
Profit carried forward		7	7
Balance sheet profit		7	7

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Fundamentals of the annual financial statements

The annual financial statements of BMW Fahrzeugtechnik GmbH are prepared in accordance with German commercial accounting regulations and the provisions of the German Limited Liability Companies Act (GmbH-Gesetz) and are stated in thousands of euros (€ thousand). BMW Fahrzeugtechnik GmbH, with its registered office in Eisenach, is registered with the Jena District Court under the commercial register number HRB 400361.

The key figures in the report have been rounded in accordance with standard commercial practice. In individual cases, this may mean that values do not add up exactly to the totals given and that percentages do not result from the values shown.

As at the balance sheet date of 31 December 2019, BMW Fahrzeugtechnik GmbH is a large corporation within the meaning of § 267 HGB.

The profit and loss account is prepared according to the cost of sales method. The financial year is the calendar year.

In order to improve the clarity of presentation, individual items have been combined in the balance sheet and the income statement and shown separately in the notes.

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Accounting and valuation principles

Intangible assets acquired for consideration are recognised at acquisition cost. They are amortised on a straight-line basis over their expected useful life.

Property, plant and equipment are valued at acquisition or production cost less scheduled depreciation. Production costs include direct material and production costs as well as allocable parts of material and production overheads including production-related depreciation. Appropriate portions of the production-related costs of general administration, for social facilities of the company, for voluntary social benefits and for company pension schemes are not included in the production costs. Unscheduled write-downs are made if there are likely to be permanent impairments. Write-ups due to the requirement to reinstate original values are made up to the amortised cost if the reasons for a permanent impairment no longer exist. Property, plant and equipment are generally depreciated using the straight-line method, although in certain cases the declining-balance method is still applied. There is a scheduled switch to the straight-line method as soon as it leads to higher depreciation. In the year of acquisition, depreciation is carried out pro rata temporis. Depreciable fixed assets with acquisition or production costs of up to € 250 are recognised directly as expenses in the year of acquisition. For acquisition or production costs of more than € 250 and up to € 1,000, the straight-line depreciation method with a depreciation period of five years is applied.

Factory and office buildings are depreciated in up to 14 to 40 years, technical equipment and machinery usually in five to ten years, other equipment, factory and office equipment predominantly in five years.

Allowances and grants are capitalised if the material requirements for their granting are met and the necessary application has been submitted. The grants are deducted from the acquisition and production costs of the subsidised assets.

Shares in affiliated companies are recognised at the lower of cost or fair value.

The composition and development of fixed assets is shown in the fixed assets movement schedule.

Inventories of raw materials, consumables and supplies as well as merchandise are valued at the lower of cost or market. In the case of work in progress and finished goods, direct material and production costs, attributable parts of material and production overheads including production-related depreciation are included. Appropriate parts of the production-related costs of general administration, for social facilities of the company, for voluntary social benefits and for company pension schemes are not included in the production costs. Inventory risks resulting from the storage period or reduced usability are taken into account through devaluations.

Receivables and other assets are recognised at nominal value or fair value. Appropriate write-downs are made for receivables whose collectability is subject to identifiable risks; uncollectible receivables are written off.

Subscribed capital is accounted for at par value.

Provisions for anniversary bonuses and partial retirement are calculated using the projected unit credit method. The calculation is based on actuarial reports taking into account biometric accounting principles. Effects on income from the compounding of interest and the change in the discount rate are recognised in the financial result.

Other provisions are measured in such a way that they take into account all identifiable risks. Provisions are recognised at the necessary settlement amount; long-term provisions are discounted at the average market interest rate corresponding to their remaining term, which is determined and published by the Deutsche Bundesbank.

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Accounting and valuation principles

Liabilities are recognised at the settlement amount on the balance sheet date.

The option to offset receivables from and payables to affiliated companies and companies in which participations are held will no longer be exercised from the 2019 financial year onwards in order to adapt to uniform Group accounting guidelines and to improve the presentation of the actual asset situation.

Foreign currency receivables and liabilities are recorded at the mean spot exchange rate at the time of the transaction. Gains resulting from the reporting date valuation are only recognised for receivables and liabilities with a remaining term of one year or less. Losses from exchange rate changes are taken into account by revaluation on the balance sheet date.

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Development of fixed assets

in € thou.	Acquisition and production costs				31.12.2019
	1.1.2019	Access	Transfers	Disposals	
Intangible assets	21	-	-	14	7
Land, land rights and buildings, including buildings on third-party land	24.217	-	-	-	24.217
Technical equipment and machinery	87.443	516	2.725	1.451	89.233
Other equipment, operating and office equipment	14.403	193	-3	159	14.434
Advance payments and assets under construction	2.994	6.545	-2.722		6.817
Property, plant and equipment	129.057	7.254	-	1.610	134.701
Shares in affiliated companies	3.261	-	-	-	3.261
Financial assets	3.261	-	-	-	3.261
Fixed assets	132.339	7.254	-	1.624	137.969

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Development of fixed assets

Depreciation			Book values			
1.1.2019	Current year	Disposals	31.12.2019	31.12.2019	31.12.2018	
17	2	14	5	2	4	Intangible assets
13.857	373	-	14.230	9.987	10.360	Land, land rights and buildings, including buildings on third-party land
71.986	4.509	1.451	75.044	14.189	15.457	Technical equipment and machinery
13.229	310	151	13.388	1.046	1.174	Other equipment, operating and office equipment
-	-	-	-	6.817	2.994	Advance payments and assets under construction
99.072	5.192	1.602	102.662	32.039	29.985	Property, plant and equipment
-	-	-	-	3.261	3.261	Shares in affiliated companies
-	-	-	-	3.261	3.261	Financial assets
99.089	5.194	1.616	102.667	35.302	33.250	Fixed assets

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Notes to the balance sheet

1 – Intangible assets

Intangible assets mainly include purchased software and licences. Scheduled amortisation for the current financial year amounts to € 2 thousand (2018: € 6 thousand).

2 – Property, plant and equipment

The additions to property, plant and equipment mainly relate to assets under construction. Scheduled depreciation for the current financial year amounts to € 5,192 thousand (2018: € 5,195 thousand).

3 – Financial assets

Company	Equity in € thou.	Result in € thou.	Capital share in %
BMW Russia Trading OOO, Moscow*	214.926	45.907	25

* Information as at 31.12.2018 in accordance with Russian Accounting Standards (RAS);

Translation of equity at the closing rate, translation of the result at the average rate for the period

4 – Inventories

in € thou.	31.12.2019	31.12.2018
Raw materials and supplies	3.012	2.417
Work in progress, unfinished services	53.512	59.773
Finished products and goods	1.195	768
Inventories	57.719	62.958

5 – Receivables and other assets

in € thou.	31.12.2019	31.12.2018
Receivables from deliveries and services	180	1.210
Receivables from affiliated companies	50.628	11.514
Other assets	875	105
Receivables and other assets	51.683	12.829

Receivables from affiliated companies are financial receivables and trade receivables.

Due to the changed exercise of the option to offset receivables from and liabilities to affiliated companies or receivables from and liabilities to companies in which participations are held from the 2019 financial year onwards, the previous year's figures for receivables from affiliated companies must be increased by € 31,224,000 (of which financial receivables € 22,269,000 and trade receivables € 8,955,000) to ensure comparability.

Other assets include receivables from employees and tax receivables.

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Notes to the balance sheet

Unless otherwise stated, receivables and other assets are due within one year.

6 – Equity

The share capital of the company amounts to € 25,565.

7 – Provisions

The other provisions are composed as follows:

in € thou.	31.12.2019	31.12.2018
Provisions for partial retirement	3.357	3.236
Other personnel provisions	1.448	1.757
Miscellaneous other provisions	1.433	582
Provisions	6.238	5.575

As in the previous year, the calculation of partial retirement obligations is based on the biometric calculation principles in accordance with the 2018 G mortality tables of Heubeck Richttafeln GmbH. In addition, the following parameters are taken into account:

in %	31.12.2019	31.12.2018
Discount factor	0,61	0,85
Salary trend	3,04	3,06
Pension trend	1,38	1,62

The expenses from the compounding of pension obligations, the change in the discount rate and the effects from the change in fair value are reported in the financial result. All other components are recognised in the functional costs.

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Notes to the balance sheet

8 – Liabilities

in € thou.	31.12.2019				31.12.2018			
	Total amount	of which with a residual term			Total amount	of which with a residual term		
		up to one year	from 1 to 5 years	from more than 5 years		up to one year	from 1 to 5 years	from more than 5 years
Liabilities from deliveries and services	8.113	8.113	-	-	6.959	6.959	-	-
Amounts owed to affiliated companies	118.703	97.703	21.000	-	84.829	63.829	-	21.000
Other liabilities	293	293	-	-	317	317	-	-
thereof tax liabilities	228	228	-	-	259	259	-	-
of which within the framework of social security	65	65	-	-	58	58	-	-
Liabilities	127.109	106.109	21.000	-	92.105	71.105	-	21.000

Liabilities to affiliated companies include liabilities to the shareholder in the amount of € 33,703 thousand (2018: € thousand 84.829). These are mainly financial liabilities in the amount of € 32,399 thousand (2018: € 84,170 thousand) and trade payables in the amount of € 1,304 thousand (2018: € 659 thousand). In addition, there are financial liabilities to another affiliated company in the amount of € 85,000 thousand (2018: € 0 thousand).

Due to the amended exercise of the option to offset receivables from and payables to affiliated companies or receivables from and payables to companies in which participations are held from the 2019 financial year onwards, the previous year's figures for payables to affiliated companies must be increased by € 31,224 thousand (of which financial liabilities € 22,269 thousand and trade payables € 8,955 thousand) to ensure comparability.

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Notes to the profit and loss account

9 – Revenues

in € thou.	2019	2018
Sale of forming tools	61.485	55.914
Sale of series pressed parts	24.835	20.905
Revenues	86.320	76.819

Information by region	2019	2018
Domestic	85.530	72.558
Abroad	790	4.261
Revenues	86.320	76.819

10 – Other operating income

Other operating income, which amounted to € 1,113 thousand in the financial year (2018: 761 thousand), mainly includes income from reimbursements from BMW AG. Furthermore, this item includes income from currency translation in the amount of € 2 thousand (2018: € 2 thousand).

Other operating income unrelated to the accounting period amounted to € 384 thousand in the financial year (2018: 15 thousand). This mainly results from the reversal of value adjustments on receivables and the reversal of provisions.

11 – Other operating expenses

Other operating expenses mainly include expenses from the top-up of partial retirement in the amount of € 440 thousand (2018: € 341 thousand). This item also includes expenses from currency translation in the amount of € 106 thousand (2018: € 2 thousand).

The other expenses relating to other periods amount to € 64 thousand in the financial year (2018: € 70 k).

12 – Income from investments

The income from investments in 2019 was generated by a distribution of € 11 050 thousand (2018: € 0 thousand) from BMW Russia Trading OOO, Moscow, and is therefore fully due to affiliated companies.

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Notes to the profit and loss account

13 – Other interest and similar income

Interest income in the financial year amounted to € 72 thousand (2018: € 57 thousand), of which € 43 thousand (2018: € 57 thousand) was attributable to the shareholder (BMW AG) and € 29 thousand (2018: € 0 thousand) to another affiliated company.

14 – Interest and similar expenses

Interest expenses in the financial year amounted to € 814 thousand (2018: € 728 thousand) and resulted mainly from loan liabilities to the shareholder (BMW AG) in the amount of € 737 thousand (2018: € 617 thousand) and resulted primarily from loan liabilities to the shareholder (BMW AG).

The expenses from the compounding of partial retirement obligations and long-term personnel provisions as well as the effect on income from the change in the discount rate amount to € 78 thousand in the financial year (2018: € 63 thousand).

15 – Balance sheet profit

It is proposed that the net profit of BMW Fahrzeugtechnik GmbH for the financial year 2019 in the amount of € 7,155.37 be transferred to other revenue reserves as part of the adoption.

BMW Fahrzeugtechnik GmbH

Appendix
Other information

16 – Cost of materials

in € thou.	2019	2018
Cost of raw materials, consumables and supplies and of purchased goods	3.842	3.122
Expenses for purchased services	43.795	47.763
Cost of materials	47.637	50.885

17 – Personnel expenses

in € thou.	2019	2018
Wages and salaries	18.470	17.449
Social security and pension costs	3.455	3.173
of which for pensions	305	283
Personnel expenses	21.925	20.622

18 – Auditor's fee expense

With respect to the disclosure of the total fee charged by the auditor for the financial year 2019 The simplification option pursuant to § 285 no. 17 of the German Commercial Code (HGB) has been used with regard to the disclosure of the total fee charged by the auditor for the financial year. The auditor's total fee is shown in the notes to the consolidated financial statements.

19 – Other financial obligations

The obligations - especially from rental and leasing contracts - in the amount of € k1.259 (20182,021 thousand) are broken down by maturity as follows:

in € thou.	2019	2018
Due within one year	478	885
Due between one and five years	781	1.136
Other financial obligations	1.259	2.021

20 – Transactions with related parties

Only arm's length transactions are concluded with related parties.

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Other information

21 – Employees

The average number of employees during the year was 264 (2018: 255). In addition, an annual average of 43 (2018: 34) employees were in training.

22 – Management

Alexander Eras, Head of BMW Vehicle Technology.
Dr Peter Fallböhmer, Head of Painted Body, Forming and Add-on Parts at BMW AG,
(since 01 February 2020).

The total remuneration of the management is not disclosed in accordance with § 286 para. 4 HGB.

23 – Group affiliation

BMW Fahrzeugtechnik GmbH is a wholly owned subsidiary of BMW AG, Munich.

There is a profit and loss transfer agreement with the parent company.

The Consolidated Financial Statements of BMW AG for the financial year 2019 are submitted electronically to the operator of the Federal Gazette and are accessible via the website of the Company Register. The consolidated financial statements of BMW AG are simultaneously the smallest and the largest group of consolidated companies in which BMW Fahrzeugtechnik GmbH is included.

24 – Supplementary report

On 30 January 2020, the World Health Organization (WHO) declared an international public health emergency due to the outbreak of the coronavirus. As of 11 March 2020, the WHO now classifies the spread of the coronavirus as a pandemic.

The further course of the spread of the coronavirus and the consequences for the business performance of BMW Fahrzeugtechnik GmbH are monitored continuously.

Beyond this, no events occurred after the end of the financial year that are of particular significance for the earnings, financial and asset situation of BMW Fahrzeugtechnik GmbH.

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Other information

25 – **Management Report**

The Company makes use of the exemption option with regard to the preparation of the management report.

Eisenach, 31 March 2020

BMW Fahrzeugtechnik GmbH

[SIGNATURE]
Alexander Eras
Managing Director

[SIGNATURE]
Dr. Peter Fallböhrer
Managing Director