Dear shareholders,

At the Annual General Meeting, we will explain to you how we act strategically. And we’ll answer your questions. The exchange with you is important to us. I will be available to answer your questions at BMW Welt in Munich:

• What are we accomplishing as Team BMW Group?
• And above all, you’ll be interested: What are our plans?

BMW has succeeded on the market for over 100 years now. This requires the will and the ability to change. Our mission, however, remains the same: to lead your company into a successful future! In doing so, we can act independently. We make decisions with a long-term perspective. That not only sets us apart from others — it is a privilege for us. Because this entrepreneurial freedom increases our resilience.

Your company is a global team: 31 production sites on five continents. Research and development centers in 17 countries. 41 locations for sales and financial services. Together, we are now 150,000 strong in team BMW. With almost all nationalities and cultures of our world represented. Different ages and ways of thinking. This diversity is what sets us apart. We all live the BMW culture with its strong values: Responsibility. Appreciation. Openness. Transparency. Trust.

You know our claim: We move body, heart and mind. That is our promise to customers. And to society, which expects us to make an effective contribution — our impact.

I will show you how we can achieve this by outlining the BMW Group’s future path:

1. Your company is made even more resilient through complex challenges.
2. Your company goes its own way.
3. Your company is well-balanced in the regions of the world.
4. Your company is becoming completely digital.
5. Your company is already taking the next leap in innovation.

In chapter 1, I’ll talk about our strong foundation: The successful financial year 2022 and our goals for 2023.

In the past year, we have grown threefold: Because of the complex challenges, and also when it comes to e-mobility and in our financial results. Looking back, 2022 could be described broadly as a year in “task force mode.” Our environment was characterized by unexpected events and profound challenges. Each of them had the potential to jeopardize our set goals. But as has often been the case in our history, we have relied on our inner strength. This means that we learn from crises and come out stronger from them.

Your company remains on the road to success: Around 2.4 million people bought a BMW Group vehicle in 2022. That is slightly down on the previous year, but still a solid performance. We are also sending a signal of our determination to the competition: BMW continues to lead the global premium segment! The global market share of BMW and MINI is stable at 3.4 percent. Our Rolls-Royce and BMW Motorrad brands have even achieved record results. BMW Motorrad also maintains first place in the global premium segment. BMW M GmbH also achieved a record year just in time for its 50th anniversary. By the way, the best-selling M model was fully electric — the BMW i4 M50.

We sold a total of over 215,000 all-electric vehicles last year. Just as promised. Our BEVs — short for pure electric vehicles — have helped us keep another promise. At the end of 2022, our new car fleet will emit 105.0 grams of CO2 per kilometer. We have thus reduced CO2 emissions in the EU by more than nine percent compared to the previous year according to WLTP. We are even 22.5 grams of CO2 per kilometer below the EU27+2 fleet target. This can only be
achieved if all types of drive are highly efficient. Our vehicles among all our brands remain highly popular. This is reflected in the profitability of your company. Group revenues in 2022 amounted to 142.6 billion euros; profit before tax was 23.5 billion euros. This represents a significant increase compared to 2021. As you know, we fully consolidated our joint venture BMW Brilliance Automotive in our financial statements for the first time in 2022. This resulted in a one-time effect of 7.7 billion euros. But we also achieved strong pricing — for both new and used vehicles. The Group’s EBT margin came in at 16.5 percent; the EBIT margin in the Automotive segment came in at 8.6 percent. That is within our long-term strategic target corridor of 8 to 10 percent.

As you can see, your company has a robust capital structure and is profitable even in a turbulent environment. The Board of Management and Supervisory Board therefore propose to the Annual General Meeting a dividend of 8.50 euros per common share and 8.52 euros per preferred share. The payout ratio is within the strategic target corridor, specifically 30.6 percent. Our dividend policy remains reliable.

What are our plans for 2023? Our deliveries are expected to increase slightly; the proportion of all-electric vehicles is even significantly higher. We expect the EBIT margin in the Automotive segment to be within a range of 8 to 10 percent.

In chapter 2, I’ll explain to you how your company will continue on its own path.

Our product range is younger, broader and more attractive than ever before. This applies to all brands, in all segments, and for all types of drivetrains. In this way, we represent the diverse lives of our customers.

With all types of drive systems and in all segments, we want to grow profitably, gain market share and realize earnings potential. On the one hand, this applies to the upper premium and luxury segments, where we want to grow in the mid-double-digit percentage range this year thanks to our strong portfolio.

On the other hand, we want to grow even more with our BEVs. Here we are targeting the upper double-digit percentage range. For the full year, BEVs should already account for 15 percent of our worldwide deliveries. I call that ambitious. Because this is the highest absolute increase that we have set ourselves for so far. The ramp-up of e-mobility is a priority for us.

In 2024, at least every fifth new vehicle in the BMW Group should be a BEV. In 2025, every fourth vehicle, in 2026, every third. As a result, more than half of our global sales will be fully electric BEFORE 2030. By the end of this year, your company will have at least one BEV on the road in all major model series. For our core brand BMW, 2022 is all about the new 5 Series and the new X2, including their BEV variants i5 and iX2.

The market for e-mobility is attractive and therefore highly competitive. In China in particular, new competitors are entering the market. I saw this myself at the Auto Shanghai in April. Some manufacturers are currently reducing prices — in some cases significantly. They want to gain market share. We remain confident: Your company has a strong position in China. We will already offer eleven BEV vehicles there from our four Group brands from the end of the year. In addition, we are also exclusively present in the premium and luxury segments with our BEVs.

China is driving e-mobility forward all over the world. But it is also true that the world regions and individual markets will continue to develop differently for the foreseeable future. In April, I also visited Japan, where a different picture is emerging. The demand for purely battery-electric vehicles is developing steadily but slowly in Japan. Customers prefer hybrid vehicles and efficient combustion engines. There is also very high interest in hydrogen as an alternative energy source.

Our BMW iX5 Hydrogen from our global pilot fleet was therefore welcomed with open arms in Japan. It is currently traveling around the world and is making this technology tangible in everyday life. By the way, fuel cells require significantly less critical raw materials than battery cells.

We believe that the future of mobility requires at least a second pillar in addition to battery-electric drives. Anyone who only relies on a single drive risks dependencies, in particular due to the raw materials for the batteries.
Chapter 3 of our future path: Your company is well-balanced in the regions of the world.

Your company is present in all regions of the world. Acting locally as a partner for the region. That creates trust. Thanks to our balanced positioning, we are able to compensate for regional market fluctuations when it comes to sales.

Our production is also represented in all major regions of the world. BMW iFactory — that is our global production network of the future. We are continuing to expand it with great strides. We completed two projects in China in 2022: The expansion at the Dadong site went into operation in April 2022, where we are localizing the BMW X5 as a long-wheelbase version for China. At the end of June, we opened another plant at the Tiexi site. It is completely geared towards e-mobility. We planned it entirely in a virtual environment. Next week we'll be celebrating “20 years of BMW Brilliance” in China. On this occasion, we will announce how we plan to expand the activities of our joint venture in Shenyang.

In Europe, construction of our new plant in Debrecen, Hungary is progressing as planned. This work was also planned completely digitally.

"Local for local" — that is our approach. It also includes the ramp-up of e-mobility. All of our plants in China, Europe and America are already able to build electrified vehicles. Our largest plant is located in Spartanburg, South Carolina. Fully electric vehicles will soon roll off the assembly line there too. Six BEV models by 2030 — to be precise. We are investing over 1.7 billion dollars.

We will manufacture the necessary high-voltage batteries in a completely new plant in nearby Woodruff. This is one example of how we are now also selectively expanding our local production of high-voltage batteries across the globe. This currently applies to our BEVs at our sites in Germany and China. We are also creating further capacity for the sixth generation of battery technology: in addition to the USA, in Debrecen, at our future plant in Hungary, and in San Luis Potosí in Mexico.

With "local for local", we are securing our BEV ramp-up in the main regions of the world. At the same time, we are significantly increasing our resilience in the event of unforeseen events.

Chapter 4 is dedicated to digitalization: We are making BMW digital.

We got off to a brilliant start to 2023 at CES in Las Vegas in January. It was there that we showed the BMW i Vision Dee for the first time and surprised the world with it. Not only start-ups can think far ahead and implement new ideas. This is what sets BMW apart from many of its competitors. Our Vision Vehicle Dee inspires the media as well as the “digital natives.” And not just with the color-changing exterior: The E-Ink technology allows you to alternate between 32 colors.

Real driving pleasure and augmented reality flow seamlessly across the entire windscreen. That is our revolutionary Head-up Display. We call it “BMW Panoramic Vision.” It’s not science fiction. A series version of this technology will soon be used in the NEUE KLASSE vehicles.

A vehicle like Dee requires a digital company. Customers can already experience digital mobility in our current vehicles. Three examples:

1. The “Highway Assist” in the new BMW 5 Series continuously takes over distance control and steering tasks. For the first time, the vehicle changes lanes using eye activation. An absolute world first. No competitor offers such a package.
2. With the “Digital Key Plus”, customers can now unlock and start their BMW with Apple and Android smartphones. And thanks to ultra-wideband technology, even without taking the phone out of your pocket.
3. In the new 7 Series, the rear seat with the theatre screen becomes an exclusive seat in the stadium. Together with the German Bundesliga (DFL), we are making live football matches available.

It is also clear that digital products are made by people. To do this, our entire organization must see digitalization as an opportunity. We have just launched the largest individual training in the company’s history. With the “Digital Boost”, we create the necessary knowledge and tools. This allows us to identify and implement digital potential in every area of responsibility.
Chapter 5 of our future path is about the NEUE KLASSE. It is your company's next big leap in innovation.

The BMW Group shapes the mobility of millions of people all over the world. As a result, the company has reinvented itself from the ground up again and again. Remember the three major turning points in BMW history:

- The transformation from engine manufacturer to the first BMW motorcycle on the road exactly 100 years ago.
- The development of a style-defining automotive program in the 1930s.
- The rediscovery of the sporty middle class in the early 1960s.

Each milestone has moved your company forward — and continues to drive the BMW Group today.

In 2025, we will make another huge leap forward. That's when the NEUE KLASSE begins. A true tipping point. It will once again initiate a change typical of BMW: a new product range, a new mindset, a new company.

And we're already in the middle of it. This year and next, we are intensively preparing for the NEUE KLASSE. It is the decisive phase. From 2025, we will start production, initially at the Debrecen plant. 2026 at the main plant in Munich. 2027 at the San Luis Potosí plant. We want to bring at least six models to market in the first 24 months after the start of production. We are specifically launching in high-volume segments — with a sports activity vehicle and a sedan in the 3 Series segment.

The NEUE KLASSE represents all three pillars of future mobility: It is completely focused on digitalization and sustainability and is fully electric. Our BMW Vision Vehicles i Vision Circular from 2021 and i Vision Dee from this year show the direction of our thinking. In just a few months, the IAA Mobility will again take place. There, we are combining all these topics — digital, circular and electric — to create a completely new and coherent overall concept. Stay tuned!

Dear Shareholders!

BMW values also include: Paying everyone fairly. At BMW AG, women and men earn the same. We were recognized for this: BMW was the first German company to receive the gold standard for equal pay. Fair salaries are part of our culture.

You are our shareholders!

You give us strength for our long-term course. On behalf of the BMW Group's global team, I would like to thank you for that. Stay by our side! It is the right decision. We'll make sure of that.

Yours

Oliver Zipse
Chairman of the Board of Management