

GLOSSARY AND EXPLANATION OF KEY FIGURES

A

Apprentices

The number of people on multi-year vocational training courses at a BMW Group company (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares), with these training courses consisting of practical and theory sections.

Asset-backed financing transactions

A form of corporate financing involving the sale of receivables to a financing company.

B

BMW Group employees

Since 2020, all people with active temporary or permanent employment contracts (as of 31 December in the year in question) with the BMW Group (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) have been considered employees of the BMW Group. This excludes apprentices, interns, temporary staff (working students), temporary employees, dormant/inactive employment contracts due to maternity leave, sabbaticals, parental leave, long-term illness (as defined in the country in question), those in inactive early retirement phase, and employees accompanying their partner abroad. Up to 2019, temporary staff, post-graduate students, interns, apprentices, and people on ex-

tended sick leave or on sabbatical were also included in this definition.

Bond

A securitised debt instrument in which the issuer certifies its obligation to repay the nominal amount at the end of a fixed term and to pay a fixed or variable rate of interest.

Business volume in balance sheet terms

The sum of the balance sheet line items "Leased products" and "Receivables from sales financing" (current and non-current), as reported in the balance sheet for the Financial Services segment.

C

Capital expenditure ratio

Investments in property, plant and equipment and other intangible assets (excluding capitalised development costs) as a percentage of Group revenues.

Capitalisation rate

Capitalised development costs as a percentage of research and development expenditure.

Carbon emissions of the new vehicle fleet in the EU

The average carbon emissions of a manufacturer's fleet are calculated on the basis of the weighted average of carbon emissions across all vehicles newly registered during the re-

porting period. New registrations for these purposes comprise all newly registered vehicles of a given manufacturer in the EU, including Norway and Iceland, during the calendar year, plus any individual vehicle-specific carbon emissions determined in accordance with the WLTP type test procedure. The BMW Group's fleet carbon emissions figure for 2021, as measured internally, includes legally permitted offsetting of eco-innovations.

Carbon emissions of the new vehicle fleet worldwide, including upstream emissions

This indicator documents the progress made by the BMW Group in its strategic objective of reducing carbon emissions during the utilisation phase including upstream emissions (drivetrain energy supply) by an average rate of more than 50 % per kilometre driven by 2030 (base year 2019). For the purpose of this calculation, the volume-weighted average fleet carbon emissions are calculated for the core markets EU (27 EU countries incl. Norway and Iceland; plus UK) (driving cycle: Worldwide Harmonized Light Vehicles Test Procedure; basis: production volume), USA (driving cycle: United States Combined; basis: production volume) and China (driving cycle: Worldwide Harmonized Test Cycle, subject to China-specific framework conditions for testing; basis: import volumes/local production volumes; incl. joint venture BMW Brilliance Automotive Ltd.) before deduction of legally permitted offsetting factors (e.g. supercredits and eco-innovations) and then standardised according to the WLTP (European) driving cycle. These core markets account for more than 80 % of the BMW Group's sales. The calculat-

ed figures are increased by 10 % to account for possible discrepancies between cycle values and real emissions, as required by the Science Based Targets Initiative. This indicator also includes the upstream emissions for the respective energy sources (fossil fuels and electricity used for charging), in line with the well-to-wheel approach. This covers the entire causal chain behind vehicle motion, i. e. from the generation and supply of power to its conversion into drivetrain energy. This approach also includes the environmental impacts associated with the supply of energy. For example, to calculate the volume of emissions resulting from upstream electricity (drivetrain energy supply), the BMW Group uses the energy report published by the International Energy Agency (IEA) as a basis in order to assess the emissions associated with the electricity mix in its core markets.

Cash flow

Liquid funds generated (cash inflows) or used (cash outflows) during a reporting period.

Cash flow at risk

Similar to "value at risk" (see definition below).

Cash flow hedge

Hedges against exposures to the variability in forecasted cash flows, particularly in connection with exchange rate fluctuations.

Commercial paper

Short-term debt instruments with a term of less than one year which are usually issued at a discount to their face value.

Consolidation

The process of combining separate financial statements of Group entities into Group Financial Statements, depicting

the financial position, net assets and results of operations of the Group as a single economic entity.

Credit default swap (CDS)

Financial swap agreements, under which creditors of securities (usually bonds) pay premiums to the seller of the CDS to hedge against the risk that the issuer of the bond will default. As with credit default insurance agreements, the party receiving the premiums gives a commitment to compensate the bond creditor in the event of default.

D

Deliveries

A new or used vehicle will be recorded as a delivery once handed over to the end user. End users also include leaseholders under lease contracts with BMW Financial Services and – in the US and Canada – dealers when they designate a vehicle as a service loaner or demonstrator vehicle. In the case of used vehicles, end users may include dealers and other third parties when they purchase a vehicle at auction or directly from the BMW Group. Vehicles designated for the end user and suffering total loss in transit will also be recorded as deliveries. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet, or independent dealers. The vast majority of deliveries – and hence the reporting to BMW Group of deliveries – are made by independent dealers. In the US and Canada, the period start and end dates for the reporting of deliveries may immaterially deviate from the beginning and, respectively, end of calendar years or calendar quarters and instead follow industry-standard reporting calendars.

E

Earnings per share (EPS)

Basic earnings per share are calculated for common and preferred stock by dividing the net profit after minority interests, as attributable to each category of stock, by the average number of shares in circulation. Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years.

EBIT

Abbreviation for "Earnings Before Interest and Taxes", equivalent in the BMW Group income statement to "Profit / loss before financial result". This is comprised of revenues less cost of sales, selling and administrative expenses and the net amount of other operating income and expenses.

EBIT margin

Profit / loss before financial result as a percentage of revenues.

EBT

EBIT plus financial result.

Effective tax rate

The effective tax rate is calculated by dividing the income tax expense by the Group profit before tax.

Electrified vehicles

The BMW Group uses the terms Battery Electric Vehicle (BEV) to denote fully electric vehicles and Plug-in Hybrid Vehicle (PHEV) to denote vehicles that can be charged and also driven on a fully electric basis.

Employees

The number of employees includes BMWAG and all companies in which it holds a majority interest, irrespective of whether they are consolidated in the Group Financial Statements. The figure does not include employees in dormant employment relationships, those in the non-work phase of partial retirement working arrangements and low-wage earners. With effect from the financial year 2020, the definition also includes employees with permanent and fixed-term contracts. Up to 2019, it also included temporary staff, post-graduate students, interns, apprentices, those on extended sick leave and sabbaticals.

Employees in the non-work phase of partial retirement working arrangements

The number of people with temporary or permanent employment contracts who have opted for retirement via partial retirement working arrangements and who are in the non-active phase of this model (i. e. the second part, following the active phase in this model).

Equity ratio

Equity capital as a percentage of the balance sheet total.

Expenditure on training and further education

Expenditure on training comprises all costs incurred in the reporting year for vocational training within the consolidated and non-consolidated, wholly owned subsidiaries of the BMW Group, including personnel costs for trainers and apprentices as well as other costs and investments related to vocational training. The volume of expenditure for further education is calculated for all consolidated and non-consolidated wholly owned subsidiaries of the BMW Group. This includes preparation and implementation costs, opportunity costs and investments made in order to provide such further education. These costs also include notional depreciation, measured on the basis of inventory lists.

F

Fair value

The amount at the measurement date for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge

A hedge against exposures to fluctuations in the fair value of a balance sheet item.

Free cash flow

Free cash flow is derived from cash flows from operating and investing activities. The cash flows from investing activities from the purchase and sale of marketable securities and investment funds is not included. Cash flows from the purchase and sale of shares and the dividend payout from investments accounted for using the equity method are included in the cash flows from investing activities.

G

Goodwill

Goodwill corresponds to the consideration paid to acquire an entity, less the fair value of the separate assets acquired and liabilities assumed. The buyer is willing to pay the additional amount in return for future expected earnings.

Gross profit margin

Gross profit as a percentage of Group revenues.

I

Interns

The number of people obtaining voluntary or mandatory work experience at a BMW Group company (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) while studying for a degree.

L

Liquidity

Cash and cash equivalents as well as marketable securities and investment funds.

M

Management positions

Management positions are positions at functional levels I to IV below the Board of Management level.

Maternity protection, parental leave

The number of people with active employment contracts who are absent from work, as permitted by law, before and after the birth of a child (maternity protection) or due to parenthood, as provided for by law in the country in question (parental leave).

N

Number of training participants

The number of employees of the BMW Group (includes all consolidated and non-consolidated companies in which the BMW Group is the sole shareholder) participating in further

education worldwide. This data is collected by directly registering participants and, to a lesser extent, via qualified extrapolation. It comprises the overall number of participants on training and qualification courses, including e-learning courses.

O

Offsetting

This entails compensating for carbon emissions which cannot be avoided by reducing emissions elsewhere (avoidance) or else by absorbing them by means of so-called carbon sinks (carbon removals). In its activities, the BMW Group stresses the avoidance of carbon emissions over compensation. Unavoidable carbon emissions are neutralised in accounting terms by means of offsetting. Offsetting involves purchasing certificates on the voluntary carbon market and thus goes beyond the carbon offsetting approach which is implemented via the European Union Emissions Trading System (ETS). Criteria such as additionality, permanence, additional social benefits (e.g. will the avoidance of open fires in enclosed spaces provide health benefits), certification, transparency and the avoidance of double counting contribute to the quality of the certificates used and thus to the effectiveness of offsetting.

Outlook

The BMW Group uses the following terminology and ranges when forecasting key performance indicators:

At previous year's level	[− 0.9 % / + 0.9 %]
Slight increase	[+ 1.0 % / + 4.9 %]
Slight decrease	[− 1.0 % / − 4.9 %]
Solid increase	[+ 5.0 % / + 9.9 %]
Moderate decrease	[− 5.0 % / − 9.9 %]
Significant increase	> = + 10.0 %
Significant decrease	> = − 10.0 %

Unlike the other key performance indicators, the RoCE forecast for the Automotive and Motorcycles segments is based on the change in percentage points:

At previous year's level	[− 0.9 %-pts. / + 0.9 %-pts.]
Slight increase	[+ 1.0 %-pts. / + 4.9 %-pts.]
Slight decrease	[− 1.0 %-pts. / − 4.9 %-pts.]
Solid increase	[+ 5.0 %-pts. / + 9.9 %-pts.]
Moderate decrease	[− 5.0 %-pts. / − 9.9 %-pts.]
Significant increase	> = + 10.0 %-pts.
Significant decrease	> = − 10.0 %-pts.

P

Part time, full time

The number of employees (see definition of "Employees"), distinguishing between employees who have contractually stipulated weekly working hours as prescribed by law, in a collective wage agreement or by the company in question (full time) and employees with a contractually stipulated reduction in their number of weekly working hours, which are thus less than the respective number of full-time working hours (part time).

Payout ratio

Ratio of unappropriated profit of BMW AG in accordance with HGB to net profit for the year of the BMW Group in accordance with IFRS.

People on extended sick leave

The number of people with active employment contracts who are absent from work on grounds of illness for an extended period of time (as defined in the country in question – in Germany, this means an absence of more than 42 calendar days with a given illness).

Post-tax return on sales

Group net profit as a percentage of Group revenues.

Pre-tax return on sales

Group profit / loss before tax as a percentage of Group revenues.

R

Research and development expenditure

The sum of research and non-capitalised development cost and capitalised development cost (not including the associated scheduled amortisation).

Research and development expenditure ratio

Research and development expenditure as a percentage of Group revenues.

Research and development locations

The engineering, IT and process expertise required for the (pre-)development of hardware and software for all BMW Group products and services is combined at the Group's international research and development locations.

Return on capital employed (RoCE)

RoCE in the Automotive and Motorcycles segments is measured on the basis of relevant segment profit before financial result and the average amount of capital employed – at the end of the last five quarters – in the segment concerned. Capital employed corresponds to the sum of all current and non-current operational assets, less liabilities that generally do not incur interest.

Return on equity (RoE)

RoE in the Financial Services segment is calculated as segment profit before taxes, divided by the average amount of equity capital – at the end of the last five quarters – attributable to the Financial Services segment.

S**Sabbatical**

The number of people with active employment contracts who are absent from work for at least one month and for not more than six months due to an employee-funded leave of absence ("sabbatical").

Scope 1 to Scope 3 carbon emissions

The carbon emissions generated by a company are recorded in various categories. The Greenhouse Gas Protocol, a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), distinguishes between Scope 1, Scope 2 and Scope 3 emissions, based on their various sources. Whereas

Scope 1 emissions are generated within a company through the combustion of fossil fuels, Scope 2 refers to the indirect emissions caused by the consumption of electricity and heat from externally generated sources of energy. Scope 3 emissions are generated in the upstream and downstream stages of the value chain, both in the supply chain (upstream) and in the subsequent use of products and services (downstream).

T**Temporary employee**

The number of people employed by the BMW Group (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) whom the BMW Group has actively hired from a temporary employment agency as temporary employees.

Temporary staff / working students

The number of people employed on an hourly basis as temporary staff at a BMW Group company (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) while studying for a degree.

Training and further education

Expenditure for training comprises all costs incurred in the year under report for vocational training within the BMW Group in a total of seven countries, including personnel costs for trainers and apprentices as well as other costs and investments related to vocational training.

The number of apprentices undergoing training within the BMW Group includes those employed at domestic and international plants in a total of seven countries as well as those working in corporate functions, at Group plants in Germany and international sales companies as well as in the Financial Services segment.

Expenditure for further education includes all costs incurred by the BMW Group's consolidated companies in connection with ongoing and advanced training. This includes preparation and implementation costs, opportunity costs and investments made in order to provide such training. Costs also include notional depreciation, measured on the basis of asset inventory lists.

V**Value at risk**

A measure of the potential maximum loss in value of an item during a set time period, based on a specified probability.

W**Working hours / working times**

Contractually stipulated weekly hours of work.