**GLOSSARY AND EXPLANATION OF KEY FIGURES**

**A**

**Apprentices**
The number of all 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, postgraduate students, interns, apprentices, and people on extended 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**

**Capitalisation rate**
Capitalised development costs as a percentage of research and development expenditure.

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

**CO₂e /CO₂ equivalent**
CO₂e is a unit of measurement used to standardise the climate impact of various greenhouse gas (GHG) emissions, such as methane or nitrous oxide. This is necessary because the individual gases do not all contribute to the greenhouse effect to the same degree. To this end, the expert committee at the United Nations (Intergovernmental Panel on Climate Change, IPCC) has defined "global warming potential" (GWP). This is an index used to express warming impact compared with CO₂ so that all GHGs are aggregated. For example, over a period of 100 years, methane has 28 times the impact of CO₂, while for nitrous oxide the impact is 265 times higher. Carbon emissions in the supply chain, including in transport logistics, as well as in the upstream fuel production (well-to-tank) are stated as CO₂e. Greenhouse gases under Scope 1 and 2 are not recognised for reasons of materiality.

**CO₂e emissions in the supply chain (Scope 3 upstream) and in disposal (Scope 3 downstream)**
CO₂e emissions in the supply chain and in disposal in tonnes of CO₂e are based on TÜV-certified life cycle assessments per ISO 14040/44 of representative vehicles of the types produced during the reporting year. This is calculated using the GaBi LCA tool provided by Sphera (considering the greenhouse gases CO₂, CH₄, N₂O, SF₆ and NF₃). Emissions resulting from the components and materials in the manufactured vehicles are taken into account.

*Part of the Combined Management Report*
Carbon emissions per vehicle produced (Scope 1 and 2)
This key indicator is calculated from the direct and indirect carbon emissions of BMW Group locations relating to the number of vehicles manufactured during the year under report. The carbon emissions result from energy consumption in the BMW Group plants as well as non-manufacturing sites. Electricity from internally operated solar PV, direct supply agreements for green electricity and certified proof of origin are all taken into account. The conversion is based on the VDA’s emissions factors for electricity, district heating and fuels in the most current valid version and isolated local emissions factors. This key indicator is the basis for measuring the strategic target by 2030 with regard to Scope 1 and 2 emissions. The reporting indicator is t CO₂ per vehicle manufactured.

Carbon emissions of the new vehicle fleet in the EU (Scope 3 downstream)
The average carbon emissions of a manufacturer’s fleet (utilisation phase) are calculated on the basis of the weighted average of carbon emissions across all vehicles newly registered during the reporting 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. In a few countries (<5% of the vehicle volume), no monthly registration figures are available at the time of calculation. In these cases, deliveries are used. The BMW Group’s fleet carbon emissions figure, as measured internally, includes legally permitted offsetting of eco-innovations of minor importance. The performance indicator for reporting purposes is g CO₂ per kilometre driven.

Carbon emissions of the new vehicle fleet worldwide, including upstream emissions (Scope 3 downstream, well-to-wheel)
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 at least 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. 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 calculated 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 impact 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; reference base: previous year) as a basis in order to assess the emissions associated with the electricity mix in its core markets. The performance indicator for reporting purposes is g CO₂ per kilometre driven.

Carbon-reducing measures in the supply chain
The saved greenhouse gas emissions [in CO₂ e] in the supply chain result from the sum of the carbon-reducing measures implemented by suppliers in the reporting year. The focus is on carbon-intensive components and materials required for the manufacture of BMW Group vehicles. The potential carbon footprint for these components and materials before the implementation of measures is initially determined using the LCA tool GaBi provided by Sphera on the basis of the type and quantity of material. The carbon-reducing measures, including the use of green electricity and secondary raw materials, are then verified by an external auditor before being taken into account. When calculating the carbon footprint in 2022, measures affecting individual components are assigned in a simplified manner to the EU manufacturing region and corresponding emissions factors. Emissions-intensive materials and battery cells are taken into account on the basis of their actual manufacturing region.

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.
Deliveries
A new or used vehicle will be recorded as a delivery once handled 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 retail vehicle deliveries may immaterially deviate from the beginning and, respectively, end of calendar years or calendar quarters and instead follow industry-standard reporting calendars. In the German-language version of the BMW Group Report, the terms “Auslieferungen” (deliveries) and “Absatz” (sales) are used interchangeably.

Earnings per share (EPS)
Basic earnings per share are calculated for common and preferred stock by dividing the net profit attributable to BMW Group shareholders (excluding non-controlling 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
Earnings Before Interest and Taxes. 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 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 (the second part, following the active phase in this model).

Equity ratio
Equity capital as a percentage of the balance sheet total.

EU Taxonomy – capital expenditure (CapEx)
Capital expenditure is calculated in accordance with IAS 16.73 (e) (i) and (iii) (Property, Plant and Equipment), IAS 38.118 (e) (i) (Intangible Assets) and IFRS 16.53 (h) (Leases). In accordance with the definition of capital expenditure provided in Annex I of the Delegated Regulation (EU) 2021/2178, the KPI figure used for Taxonomy purposes comprises additions to intangible assets, in particular capitalised development costs, additions to property, plant and equipment as well as right-of-use assets in accordance with IFRS 16, and leased out products. Capital expenditure relating to the sale of parts to external third parties or the delivery of parts to cooperation partners (including BMW Brilliance up to and including 10 February 2022) are not taken into account. Capital expenditures from Taxonomy-aligned activities exist if the economic activities make a material contribution towards the achievement of one or more environmental targets while not causing significant harm to one or more environmental objectives and if minimum safeguards are met.

EU Taxonomy – operating expenditure (OpEx)
Operational expenditure only comprises non-capitalised development costs, maintenance and refurbishment costs for buildings, repairs to property, plant and equipment, relevant IT costs in the Financial Services segment, non-capitalised expenses relating to short-term lease contracts, expenditure for low value assets, and purely variable remuneration. The KPI figure calculated for Taxonomy purposes is not used by the BMW Group for financial reporting purposes. Operational expenditures from Taxonomy-aligned activities exist if the economic activities make a material contribution towards the achievement of one or more environmental targets while not causing significant harm to one or more environmental objectives and if minimum safeguards are met.

Revenues are calculated in accordance with Article 2(5) of Directive 2013/34/EU. Revenues comprise revenue and income items recognised in accordance with IAS 1.82(a), as amended by Commission Regulation (EC) No. 1126/2008. Revenues relating to the sale of parts and components (e.g. after-sales business excluding the provision of repair services) and the supply of production components to BMW Brilliance up to and including 10 February 2022 and third parties, insurance premiums, and interest income on deposit-taking and credit business are not included, as these economic activities are not classified as Taxonomy-eligible. Revenues from Taxonomy-aligned activities exist if the economic activities make a material contribution towards the achievement of one or more environmental targets while not causing significant harm to one or more environmental objectives and if minimum safeguards are met.

EU Taxonomy – revenues
Fair value
The amount at the measurement date for which an asset could be exchanged or a liability settled.

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.

Goodwill
Acquired goodwill is considered an intangible asset. It corresponds to the difference between the purchase price and the net assets of the acquired business as measured at fair value.

Gross profit margin
Gross profit as a percentage of Group revenues.

Interns
The number of all 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.

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

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).

Number of training participants
The number of employees of the BMW Group participating in further education worldwide (includes all consolidated subsidiaries of the BMW Group). Data is collated on the basis of direct input by participants and, to a small extent, by extrapolation. It comprises the overall number of participants in training and qualification courses, including e-learning courses.

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 neutralisation). 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 any carbon offsetting approaches that are implemented via the obligatory 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
Unless specific ranges are specified, the BMW Group uses the following terminology and ranges as a basis 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%

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 profit attributable to shareholders of BMW AG, based on the BMW Group’s net profit for the year under IFRS. Up to the financial year 2021, the payout ratio was defined as the unappropriated profit of BMW AG in accordance with HGB in relation to the Group net profit 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.

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 intangible assets, property, plant and equipment and net working capital, the latter comprising inventories and trade receivables less trade payables.

Up to the financial year 2021, capital employed corresponded 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.

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 reported 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 direct emissions (Scope 1) 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. Additional indirect (Scope 3) emissions are generated in the upstream and downstream stages of the value chain, for instance in the supply chain (upstream) and in the subsequent use of products and services (downstream).

Spending on employee training and development
Investment in training comprises all costs incurred in the reporting year for vocational training within the consolidated subsidiaries of the BMW Group, including personnel costs for trainers and apprentices as well as other costs and investments related to vocational training. The investments in further training are calculated for all consolidated subsidiaries of the BMW Group. This includes preparation and implementation costs, opportunity costs and investments made in order to provide such further training. These costs also include notional depreciation, measured on the basis of inventory lists.

Temporary employee
The number of all 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 hired from a temporary employment agency as temporary employees.

Temporary staff/working students
The number of all 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.
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.

Well-to-wheel
The well-to-wheel method takes into account the entire impact chain behind vehicle motion – from the generation and supply of drivetrain power to its conversion into energy. This approach also includes the environmental impacts associated with the supply of energy. For example, to calculate the volume of upstream emissions resulting from electric vehicles (providing power supply), the BMW Group uses the latest energy report published by the International Energy Agency (IEA; reference base: previous year) as a basis. As a result, this approach can be divided into the following two components: the well-to-tank method takes into account the carbon emissions in the supply chain, as well as the upstream fuel supply from the oil well or point of power generation. As such, this approach considers the impact chain that arises until the energy is supplied to the vehicle, but does not include the vehicle itself. By contrast, the tank-to-wheel method takes into account the impact chain of energy received (fuel, electricity) until it is converted into kinetic energy by the vehicle. As such, this approach considers the impact chain that arises during the use of the vehicle.

Working hours/working times
Contractually stipulated weekly hours of work.