



STATEMENT OF THE CHAIRMAN OF THE BOARD OF MANAGEMENT

**DEAR SHAREHOLDERS,
LADIES AND GENTLEMEN:**

At the BMW Group – we move body, heart and mind.

Last year, I introduced you to our “North Star” – which defines our identity and our direction, and answers the question: “Why do we exist as a company?” We move body, heart and mind. This idea also encapsulates our impact on society as a value-based, value-creating company. We deliver on our promises. You can continue to expect this from your Company in the future. It is what makes us special. In the first part of my statement, I will explain our mission through five hypotheses. In part two, I will show how your Company is setting itself up for the future and what our plans are.

This is, of course, a priority for you, since you want the BMW Group to remain an attractive and future-oriented investment.



Oliver Zipse
Chairman of the Board
of Management

First: You are investing in a company that is achieving profitable growth and gaining market share.

The BMW Group remains on track for success, as you would expect from your Company. This held true once again in 2022, when we were able to sell a total of around 2.4 million vehicles. Even though the numbers are down slightly on the previous year, this is still an excellent result. Despite the geopolitical challenges and supply chain bottlenecks, BMW and MINI's global market share remained stable at 3.4 %. Our Rolls-Royce and BMW Motorrad brands posted new all-time highs, with more than 6,000 luxury motor cars and almost 203,000 motorcycles and scooters delivered to customers. BMW Motorrad thus earned the number-one spot in the global premium segment. To mark its 50th anniversary, our BMW M GmbH also celebrated a record year – with the all-electric BMW i4 M50 as the best-selling BMW M model.

Ramping up the all-electric vehicles in our product range is critical for us. We sold around 216,000 BEVs in 2022 – more than twice as many as in the previous year, as promised. This also signals our determination to the competition: BMW continues to lead the global premium segment! We have succeeded in lowering the WLTP CO₂ emissions of our EU new vehicle fleet by 9.4 % compared to the previous year to 105.0 grams of CO₂ per kilometre and even outperformed the EU27+2 fleet target limit by 22.5 grams per kilometre.

Your Company has a robust capital structure; it is profitable, even in a volatile environment, and therefore able to invest in its own future. Our Automotive EBIT margin for financial year 2022 was within our long-term target range of 8 – 10 %. Following our acquisition of a majority stake in BMW Brilliance Automotive Ltd., the joint venture was fully consolidated into the Group Financial Statements for the first time last year – taking your Company's revenues and workforce to a whole new level. We now have around 150,000 employees, who collectively embody the BMW Spirit – with production at 31 locations on six continents, research and development in 17 countries, and 41 sales subsidiaries and financial services locations.

Second: You are investing in a company that is becoming even more resilient in the face of complex challenges.

A year in task-force mode would be one way of describing much of 2022. Our environment was dominated by unexpected events and profound challenges – each with the potential to jeopardise our goals. As so often in our history, we trusted in our inner strength – learning from crises and emerging from them stronger than ever.

Today, we can state with confidence that our Company weathered the global pandemic by relying on its sound judgement. As a result, we are now even better equipped to deal with possible future events. Maximum flexibility and a strong relationship with our suppliers have guided us through the recent supply difficulties around semiconductors and wiring harnesses. We are also using scenario planning to prepare for the difficult energy situation. We know we can handle complexity and are capable of pivoting quickly if the situation requires. The many different challenges we have faced have ultimately made your Company more resilient and strengthened our internal cohesion. It is nevertheless very important that we remain focused at all times on our course for the future.

Your Company is characterised by its ability to combine short-time adjustments with long-term consistency in our strategic direction and performance.

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Third: You are investing in a company that is boldly implementing breakthrough innovations and constantly reinventing itself.

Time and again, the BMW Group has taken individual mobility to a new dimension with its ground-breaking innovations. It is also evolving from the ground up. In other words, transformation is deeply rooted within our experience. Consider the three major tipping points in BMW history: the shift from engine producer, which put the first BMW motorcycle on the roads exactly a hundred years ago, to development of our unmistakable, style-defining cars of the 1930s and, last but not least, the rediscovery of the sporty mid-range car in the early 60s. Each of these milestones moved your Company a decisive step forward – and defines and underpins the BMW Group to this day.

In 2025, we will be taking a further leap with the introduction of the NEUE KLASSE. This tipping point heralds another typical BMW shift – towards a new product offering, a new mindset, a new company. Our Vision Vehicles already provide a glimpse of this, as we make individual mobility electric, digital and circular. What this means for us is NEXT LEVEL MOBILITY.

The BMW i Vision Circular showcases the possibilities of the circular economy. At the beginning of January 2023, we revealed the BMW i Vision Dee at the CES in Las Vegas. This Vision Vehicle was a big hit with the global media and digital natives alike – and not just for its dazzling array of 32 exterior colours, courtesy of E-Ink technology. Real driving pleasure and augmented reality are seamlessly merged in a revolutionary full-windscreen head-up display. Yet this new experience of mobility is not science fiction: a standard-production version of this technology will soon be available in the vehicles of the NEUE KLASSE as the "BMW Panoramic Vision". Stay tuned!

Fourth: You are investing in a company that takes the long view and always charts its own course.

As shareholders, you provide us with the strength we need to stay the long-term course. We are implementing this approach systematically, step by step, with our continuous corporate strategy development and long-range planning. The same applies to the milestones we have announced on the road to climate neutrality for our vehicles, production and the supply chain. We have our progress measured and evaluated in a transparent manner and at regular intervals by independent bodies.

We do not chase after every new trend or let headwinds blow us off course. We can do this with a clear conscience – because our actions are based on facts, knowledge gains and scientific expertise. Our open approach to technology in the debate over the drivetrain of the future reflects this – because this is what delivers the fastest, most effective climate impact. At the same time, regions and individual markets will continue to develop at different rates for the foreseeable future. And last but not least: Those who rely solely on a single drive technology risk falling into new dependencies – for example, around the raw materials needed for batteries. The new BMW 7 Series, including the all-electric BMW i7, and the new BMW X1, including the BMW iX1, are good examples of how we are realising customer interests through technology. Both have won comparative tests; both have been widely praised by media and experts; and both are in high demand.

Fifth: You are investing in a company that acts independently and possesses a unique culture.

We consider our ability to operate independently and make decisions from a long-term perspective to be valuable assets. In uncertain times, more than ever, this not only gives us additional stability; it even becomes a competitive advantage. Herbert Quandt laid the foundation for this at our Company. In keeping with his spirit, the Company and employee representatives work together to find solutions. Together, we foster a culture of solidarity and mutual respect that is reflected not only in our interactions within the Company, but also in how we work with our partners and suppliers. This is all part of Herbert Quandt's legacy, to which his children and the Company are equally committed.

Dear Shareholders, on behalf of our entire Board of Management and our global team, I would like to say a sincere thank you for your support!

Our business model is focused on individual mobility, which finds itself in the midst of a transformation and is, for that very reason, brimming with opportunity. The current decade will be decisive in this respect. Forecasts expect global new vehicle registrations to continue to increase up until 2030. Individual mobility remains a vibrant business segment – not least because "being mobile" is one of our basic human needs. So, stay at our side!



“Freude forever” is the core of our BMW brand. We are transforming mobility into a personalised all-round experience for our customers that appeals to all the senses, with digital features that provide the driver with optimal, individual assistance – making the car the ultimate companion.

Dear Shareholders, what matters most to you is the forward view – which leads into the second part of my statement: how is your Company setting itself up for the future?

Our product line-up across all brands and drivetrains is fresh and more attractive than ever.

The way I see it: We have outstanding vehicles fresh on the market or about to be released. We are exploiting potential across all segments and all drivetrains to the full. In autumn 2022, all members of the Board of Management headed to Palm Springs, USA, to present the new BMW 7 Series, the BMW X7 and the BMW XM, which are now available, to the international media. These will be followed this spring by the update to our successful BMW X5 and BMW X6 models.

However, more than anything, 2023 will be dominated for the BMW brand by the new BMW 5 Series. It will, of course, also be released onto the market as an all-electric variant: the BMW i5 – expanding our BEV offering in all the segments we serve.

“The mobility of the future also needs at least one more leg to stand on. In addition to battery-electric drivetrains we see hydrogen-electric vehicles as a meaningful complement to e-mobility.”

MINI and Rolls-Royce are well on their way to becoming all-electric brands by the early 2030s. Already today, one out of five MINIs sold is an electric car. In April 2023, the release of exactly 999 MINI Cooper SE Convertibles is sure to excite our fans. This will be the world's first all-electric premium convertible in the compact-car segment. We have an entirely new MINI family in the starting blocks – which will be a major milestone for the brand on its journey into the future. At our highly profitable luxury brand, Rolls-Royce, the Spectre is also ushering in the electric age. Strong pre-orders show how much customers appreciate this move.

BMW Motorrad will celebrate its centenary this year with a raft of amazing new models. I can already reveal that this will also include several for those who prefer an all-electric ride.

Exponential growth in e-mobility.

We are setting ourselves clear goals for exponential growth in our all-electric models: starting this year, the BEV share of total sales will be a KPI for the steering of our Company. All-electric vehicles are expected to account for 15 % of our global deliveries this year – substantially more than in 2022 and the highest absolute increase we have targeted to date. We have already left our established competitors behind – not to mention many of the BEV-only manufacturers. We are confident that more than half the vehicles we sell world-wide will be fully electric before 2030. This is not only because demand for our current models is highly dynamic, but also because our BEVs are winning a lot of new customers.

Hydrogen: Our world is full of diversity and individuality – why should mobility be any different?

No one can stand on one leg for an extended period of time – never mind trying to walk like that. We firmly believe that the mobility of the future also needs at least one more leg to stand on, in addition to battery-electric drivetrains. We see hydrogen-electric vehicles as a meaningful complement to e-mobility – albeit with something of a time lag. We have long been paving the way for this: in March 2023, a small test series of our BMW iX5 Hydrogen will head to selected markets, including Korea, Japan, China, the US and Europe. With just under 100 of these vehicles, we aim to demonstrate the maturity and everyday practicality of hydrogen fuel cell technology. The widespread interest in these vehicles gives us cause for optimism.

Mega project NEUE KLASSE: The countdown has begun.

Our preparations for the NEUE KLASSE are in full swing. In just a year and a half, pre-series production will get underway at our new plant in Debrecen, Hungary – which, incidentally, will also be the world's most advanced car plant, using no fossil fuels at all. In 2026, production of the NEUE KLASSE will also ramp up at our main plant in Munich. An area the size of nine football pitches will be remodelled there over the coming years. This will be followed in 2027 by our Mexican plant in San Luis Potosí. As you can see, we have tremendous momentum driving us forwards. But the NEUE KLASSE will already be given a face this year – something you can look forward to at the IAA MOBILITY in Munich in September!

BMW iFACTORY and “local for local”.

We are gearing our entire production network towards e-mobility and the NEUE KLASSE, which will significantly speed up growth in our all-electric models yet again. By the end of 2022, 12 BEV engine variants came off production lines in eight different BEV models at our locations worldwide. Our plants are gradually becoming the BMW iFACTORY: Plant Debrecen, for instance, was planned entirely virtually.

The BMW Group is a global company – highly flexible, with a presence in all regions. However, the main regions of the world are increasingly setting their own priorities and developing in different ways when it comes to technology, legislation and customer preferences. In response to this situation, we are sharpening our global positioning by strengthening our local market presence. We call this “local for local”. We are thus securing our BEV ramp-up in individual regions to reduce one-sided geopolitical dependencies. Today, our high-voltage batteries for e-mobility are being manufactured in Germany and at the Shenyang facility in China. Going forward, we will also produce them at separate assembly sites in Debrecen, San Luis Potosí in Mexico and in Spartanburg in the US.

Global companies like the BMW Group depend on global free trade. We respond very precisely to customer demand, targeting opportunities that open up in individual markets. Through our entrepreneurial commitment and cooperation in the markets, we ourselves are constantly building bridges. At the same time, we are adapting to a world in which poli-

tics intervenes more and more in our business model – as exemplified by the Inflation Reduction Act 2022 in the US and the European Union's Euro 7 plans. We are strongly campaigning for a viable Euro 7, in terms of both timing and provisions for testing conditions.

Making 2023 our year of digital expertise.

Behind a thoroughly digital product like BMW i Vision Dee stands a digital company. 2023 will be a key year for us, as we give our vehicles and our Company as a whole a real digital boost. Our “Digital Process & Impact” initiative will massively speed up digitalisation of our internal processes and operations, exploiting digital potential in all areas. This will be accompanied by the launch of the Company's largest-ever training programme for all managers, non-production functions and the Board of Management. AI, cybersecurity, the metaverse – our digitalisation push comes at exactly the right time. It also helps us to focus even more on customers in our sales activities. To this end, we will be using a direct sales model in Europe in the future, starting in 2024 with MINI. BMW will follow in 2026. We've received great support from our dealers, in part also because we have involved them cooperatively as partners. A win-win situation for everyone – our customers get the best mobility experience, our retailers get an attractive business model and we get direct customer access.

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“Individual mobility finds itself in the midst of a transformation and is, for that very reason, brimming with opportunity.”

Dear Shareholders, in 2022, we dealt with short-term demands, while at the same time moving our future projects forwards.

I would like to thank all our customers, our associates, our entire retail organisation and our suppliers! Together, you all continue to write your Company's success story.

With regard to financial year 2023: our ambitious BEV ramp-up, our balanced global presence and our technology approach for different customer needs and, not least, sustained profitability all make your Company resilient and strong – and ensure it remains a worthwhile and, most certainly, a unique investment for you.



Oliver Zipse

Chairman of the Board of Management