

## **Supplementary information on agenda item 9.6:**

**Annual Financial Statements for BMW M GmbH Gesellschaft  
für individuelle Automobile as of 31 December 2019**

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## ANNUAL FINANCIAL STATEMENTS OF BMW M GMBH

Gesellschaft für individuelle Automobile, Munich

### B I L A N C

to

31 December 2019

in € thousand

| <b>ASSETS</b>  | <b>31.12.2019</b> | <b>31.12.2018</b> |
|--|-------------------|-------------------|
| <b>A. Fixed assets</b>                                 |                   |                   |
| I. Intangible assets                                   |                   |                   |
| Concessions and licences acquired for consideration    | 374               | 370               |
| II. property, plant and equipment                      |                   |                   |
| 1. rights equivalent to real property                  | 525               | 531               |
| 2. buildings on third-party land                       | 7.452             | 8.202             |
| 3. technical equipment and machinery                   | 18.828            | 18.456            |
| 4. other equipment, operating and office equipment     | 4.922             | 5.083             |
| 5. advance payments made and assets under construction | 826               | 138               |
|  | <u>32.553</u>     | <u>32.410</u>     |
|  | <b>32.927</b>     | <b>32.780</b>     |
| <b>B. Current assets</b>                               |                   |                   |
| I.   |                   |                   |
| Inventories  |                   |                   |
| Raw materials and supplies                             | 1.483             | 1.242             |
| II. receivables and other assets                       |                   |                   |
| 1. trade receivables                                   | 273               | 919               |
| 2. receivables from affiliated companies               | 71.852            | 75.801            |
| 3. other assets  | 4.592             | 4.171             |
| thereof from taxes TEUR 813 (prev. year TEUR 349)      |                   |                   |
|  | <u>76.717</u>     | <u>80.891</u>     |
| III. cash in hand and bank balances                    | 196               | 106               |
|  | <u>78.396</u>     | <u>82.239</u>     |
| <b>C. Prepaid expenses</b>                             | <b>601</b>        | <b>89</b>         |
|  | <u>111.924</u>    | <u>115.108</u>    |

| <b>PASSIVA</b>                                 | <b>31.12.2019</b> | <b>31.12.2018</b> |
|--|-------------------|-------------------|
| <b>A. Equity</b>                               |                   |                   |
| I. Subscribed capital                          | 26                | 26                |
| II. revenue reserves                           |                   |                   |
| Other revenue reserves                         | 391               | 391               |
|  | <b>417</b>        | <b>417</b>        |
| <b>B. Provisions</b>                           |                   |                   |
| 1. other provisions                            | 43.327            | 29.255            |
|  | <b>43.327</b>     | <b>29.255</b>     |
| <b>C. Liabilities</b>                          |                   |                   |
| 1. advance payments received on orders         | 41.963            | 32.747            |
| 2. liabilities from deliveries and services    | 25.963            | 52.489            |
| 3. liabilities to affiliated companies         | 204               | 65                |
| 4. other liabilities                           | 50                | 135               |
| thereof from taxes 5 TEUR (prev. year 92 TEUR) |                   |                   |
|  | <b>68.180</b>     | <b>85.436</b>     |
|  | <b>111.924</b>    | <b>115.108</b>    |

**BMW M GmbH**  
**Gesellschaft für individuelle Automobile, Munich**

**PROFIT AND LOSS ACCOUNT**

for the period from 1 January to 31 December 2019

In € thousands

|  | <b>2019</b>     | <b>2018</b>     |
|--|-----------------|-----------------|
| 1. sales revenues  | 491.272         | 484.339         |
| 2. production costs of the assets used to generate the<br>Revenue from services rendered | - 366.327 -     | - 349.345       |
|  | <hr/>           | <hr/>           |
| <b>3. gross profit on sales</b>  | <b>124.945</b>  | <b>134.994</b>  |
| 4. distribution costs  | - 23.723 -      | 29.605          |
| 5. general administrative expenses   | - 21.323 -      | 22.764          |
| 6. other operating income  | 13.905          | 10.194          |
| 7. other operating expenses  | - 605 -         | 605             |
| 8. interest result   | - 1.561 -       | 1.733           |
| 9. taxes on income and earnings  | - 20 -          | 8               |
|  | <hr/>           | <hr/>           |
| <b>10. result after taxes</b>  | <b>91.618</b>   | <b>90.473</b>   |
| 11. other taxes  | - 8 -           | 48              |
| 12. due to a profit and loss transfer agreement<br>transferred profits                   | - 91.610 -      | 90.425          |
|  | <hr/>           | <hr/>           |
| <b>13. net profit for the year</b>   | <b><u>0</u></b> | <b><u>0</u></b> |

## **BMW M GmbH**

### **Gesellschaft für individuelle Automobile, Munich**

#### **NOTES FOR THE FINANCIAL YEAR 2019**

##### **General information**

The annual financial statements of BMW M GmbH are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch) and the German Limited Liability Companies Act (GmbH-Gesetz) and are stated in thousands of €. BMW M GmbH, with its registered office in Munich, is registered with the Munich Local Court under the commercial register number HRB 44621.

BMW M GmbH is a large corporation within the meaning of Section 267 of the German Commercial Code (HGB) as at the balance sheet date of 31 December 2019.

The profit and loss account has been prepared in accordance with the cost of sales method pursuant to § 275 para. 3 HGB.

The financial year shall be the calendar year.

In the interest of clarity and transparency, the notes to be made in accordance with the statutory provisions for the items of the balance sheet and profit and loss account, as well as the notes which may be made in the balance sheet or profit and loss account or in the notes to the financial statements, are as far as possible included in the notes to the financial statements.

For the purpose of improved insight into the financial situation, all provisions for outstanding invoices are reported under other provisions from the current financial year onwards. In the previous year, some of the provisions were still reported under trade payables.

##### **Accounting and valuation principles**

Fixed assets are valued at acquisition or production cost less scheduled depreciation. Tangible fixed assets are generally depreciated on a straight-line basis; in certain cases, the declining balance method is still applied. 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. Intangible assets are amortised on a straight-line basis over a useful life of three years. The heritable building right reported under rights equivalent to real property is depreciated on a straight-line basis over the contractual term of 99 years. Buildings on third-party land are depreciated over eight to 33 years, technical equipment and machinery generally over four to 10 years, and other equipment, factory and office equipment predominantly over five years.

Similar assets in the inventory of raw materials and supplies are valued at weighted average prices. Write-downs are made to the lower fair value on the balance sheet date. Inventory risks resulting from the storage period or reduced usability are taken into account through devaluations.

Receivables and other assets as well as payments on account and cash in hand and at banks are stated at nominal value. Appropriate value reductions are made for receivables whose collectability is subject to recognisable risks; uncollectible receivables are written off.

Payments made before the balance sheet date are recognised as prepaid expenses if they represent expenses for a certain period after this date.

Subscribed capital is accounted for at par value.

Provisions are measured in such a way that they take into account all identifiable risks. They are recognised at the settlement amount; long-term provisions are discounted at the average Bundesbank interest rate corresponding to their remaining term, taking into account forecast price adjustments.

Liabilities are recognised at the settlement amount on the balance sheet date. Liabilities in foreign currencies are valued at the mean spot exchange rate at the time of the transaction. Gains resulting from the valuation on the balance sheet date are recognised for liabilities with a remaining term of less than one year. Losses from exchange rate changes are taken into account by revaluation on the balance sheet date. Advance payments received are recognised at nominal value.

## Notes to the balance sheet and the profit and loss account

The development of the fixed assets of BMW M GmbH (gross presentation) is as follows:

|   | Acquisition and production costs |              |              |           |                | Depreciation  |                                    |              |               | Book value    |               |
|---|----------------------------------|--------------|--------------|-----------|----------------|---------------|------------------------------------|--------------|---------------|---------------|---------------|
|   | Lecture                          | Access       | Disposals    | Transfers | Stand          | Lecture       | Depreciation of the financial year | Disposals    | Stand         | Net value     | Net value     |
|   | 01.01.2019                       |              |              |           | 31.12.2019     | 01.01.2019    |                                    |              | 31.12.2019    | 31.12.2019    | 31.12.2018    |
|   | T€                               | T€           | T€           | T€        | T€             | T€            | T€                                 | T€           | T€            | T€            | T€            |
| <b>Acquired for consideration</b>                         |                                  |              |              |           |                |               |                                    |              |               |               |               |
| <b>Concessions/ and licences</b>                          | 3.403                            | 293          | 141          | 0         | 3.555          | 3.033         | 289                                | 141          | 3.181         | 374           | 370           |
| <b>Intangible Assets</b>                                  | <b>3.403</b>                     | <b>293</b>   | <b>141</b>   | <b>0</b>  | <b>3.555</b>   | <b>3.033</b>  | <b>289</b>                         | <b>141</b>   | <b>3.181</b>  | <b>374</b>    | <b>370</b>    |
| <b>Land parcel Right</b>                                  | 631                              | 0            | 0            | 0         | 631            | 100           | 6                                  | 0            | 106           | 525           | 531           |
| <b>Buildings on other people's Land</b>                   | 19.755                           | 10           | 17           | 0         | 19.748         | 11.553        | 760                                | 17           | 12.296        | 7.452         | 8.202         |
| <b>Technical facilities and machines</b>                  | 60.221                           | 6.036        | 2.679        | +32       | 63.610         | 41.765        | 5.689                              | 2.672        | 44.782        | 18.828        | 18.456        |
| <b>Other facilities, Operating and Business equipment</b> | 16.433                           | 1.433        | 432          | +106      | 17.541         | 11.350        | 1.631                              | 362          | 12.619        | 4.922         | 5.083         |
| <b>Number of payments made</b>                            | 138                              | 826          | 0            | -138      | 826            | 0             | 0                                  | 0            | 0             | 826           | 138           |
| <b>Intangible assets a. facilities Under construction</b> |                                  |              |              |           |                |               |                                    |              |               |               |               |
| <b>Property, plant and equipment</b>                      | <b>97.179</b>                    | <b>8.305</b> | <b>3.128</b> | <b>0</b>  | <b>102.357</b> | <b>64.768</b> | <b>8.086</b>                       | <b>3.051</b> | <b>69.804</b> | <b>32.553</b> | <b>32.410</b> |
| <b>Fixed assets</b>                                       | <b>100.583</b>                   | <b>8.598</b> | <b>3.269</b> | <b>0</b>  | <b>105.912</b> | <b>67.801</b> | <b>8.375</b>                       | <b>3.192</b> | <b>72.985</b> | <b>32.927</b> | <b>32.780</b> |

## Receivables and other assets

As in the previous year, receivables and other assets have a remaining term of up to one year.

There is a net receivable from the shareholder amounting to € 70,773,000 (previous year € 75,028,000):

|                                 | <b>2019</b>   |   | <b>2018</b>   |
|---------------------------------|---------------|---|---------------|
|                                 | <b>T€</b>     |   | <b>T€</b>     |
| Cash pooling                    | 195.923       |   | 500.379       |
| Commission income               | 33.039        |   | 26.684        |
| Profit transfer agreement       | - 91.610      | - | 254.829       |
| Supply and service transactions | - 66.579      | - | 200.206       |
|                                 | <u>70.773</u> |   | <u>72.028</u> |

## Equity

The share capital of the company is DM 50,000.

This corresponds to a balance sheet amount of T€ 26.

Retained earnings are other revenue reserves that exclusively contain discounting effects of provisions from the first-time application of the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz) in the 2010 financial year.

## Provisions

Other provisions mainly include obligations from outstanding invoices for services rendered / goods delivered amounting to € 40,314,000 (previous year € 26,064,000) as well as obligations from rental agreements (€ 2,928,000; previous year € 3,064,000). The previous year's value of other provisions would have been T€ 48,269 in analogous application to this year's accounting (see under General Information).

## Liabilities

The liabilities have a remaining term of up to one year. The liabilities to affiliated companies result from trade in goods and services (€ 204,000; previous year € 65,000).



## NOTES TO THE INCOME STATEMENT

|   | <b>2019</b>    | <b>2018</b>    |
|---|----------------|----------------|
|   | T€             | T€             |
| <b>Revenues</b>   |                |                |
| Automobiles   | 470.968        | 462.437        |
| Driver training   | 17.014         | 18.746         |
| Parts and other   | 3.290          | 3.156          |
|   | <u>491.272</u> | <u>484.339</u> |
| <br>  |                |                |
| Germany   | 483.033        | 476.358        |
| Europe without Germany  | 4.141          | 4.061          |
| Rest of the world   | 4.098          | 3.920          |
|   | <u>491.272</u> | <u>484.339</u> |
| <br>  |                |                |
| <b>Production costs of the assets used to<br/>of sales revenue from services rendered</b> |                |                |
| Research and development costs  | 334.733        | 316.001        |
| Proportional costs of production  | 14.372         | 15.349         |
| Procurement   | 7.917          | 7.962          |
| Administrative costs of production  | 7.893          | 7.867          |
| Other production costs  | 1.412          | 2.166          |
|   | <u>366.327</u> | <u>349.345</u> |

The item research and development costs mainly includes current development costs in the area of product development for new BMW M models and BMW Individual.

| <b>Cost of materials</b>   | <b>2019</b>    | <b>2018</b>    |
|--|----------------|----------------|
|  | T€             | T€             |
| Expenses for raw materials, consumables and supplies<br>and for purchased<br>goods | 57.908         | 26.684         |
| <br>   |                |                |
| Expenses for purchased services  | <u>274.750</u> | <u>244.479</u> |
|  | <b>332.658</b> | <b>271.163</b> |

The cost of purchased services includes personnel expenses of T€ 84,339 (prev. year T€ 82,684) for employees who work for the company and are employed by BMW AG, Munich.

## Distribution costs

Distribution costs include sales overheads and marketing costs.

## General administrative expenses

This item includes the costs for commercial administration, IT services and other area costs.

## Other operating income

Other operating income includes income unrelated to the accounting period, which is made up as follows:

|   | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>T€</b>     | <b>T€</b>     |
| Reversals of provisions   | 5.842         | 5.926         |
| Income from reversals of specific bad debt allowances/PWB on receivables and other assets | 84            | 117           |
| Yields of previous years  | <u>7.730</u>  | <u>4.016</u>  |
| <b>Total income unrelated to the accounting period</b>                                    | <b>13.656</b> | <b>10.059</b> |

Other operating income includes income from currency translation amounting to € 101,000 (previous year: € 37,000). Income from previous years mainly includes write-offs of expired vouchers for driver training.

## Other operating expenses

Other operating expenses include, among other things, non-operating expenses from claims amounting to € 14,000 (previous year: € 28,000), expenses from currency translations amounting to € 460,000 (previous year: € 191,000) and expenses unrelated to the accounting period amounting to € 0,000 (previous year: € 124,000).

| <b>Interest result</b>  | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>T€</b>     | <b>T€</b>     |
| Other interest and similar income   | 719           | 565           |
| - thereof interest from affiliated companies T€ 707 (prev. year T€ 513)               |               |               |
| - of which from discounting of other provisions € 0 (previous year € 0)               |               |               |
| Interest and similar expenses   | -2.280        | -2.298        |
| - thereof interest from affiliated companies T€ 2,406 (prev. year T€ 2,168)           |               |               |
| - of which from the compounding of other provisions € 129,000 (previous year € 0,000) |               |               |
|   | <b>-1.561</b> | <b>-1.733</b> |

The interest result includes expenses and income from interest on cash pool receivables and liabilities as well as interest on provisions.

#### **Other taxes**

Other taxes mainly relate to back taxes paid in connection with events abroad.

## OTHER DISCLOSURES

### Other financial obligations

The other financial obligations amounting to € 44,571,000 (previous year: € 48,060,000) consist of rental agreements and are broken down by maturity as follows:

|                                    | <b>31.12.2019</b> | <b>31.12.2018</b> |
|------------------------------------|-------------------|-------------------|
|                                    | <b>T€</b>         | <b>T€</b>         |
| 2020                               | 5.596             | 5.542             |
| - of which to affiliated companies | 390               | 390               |
| 2021-2014                          | 10.633            | 16.542            |
| - of which to affiliated companies | 1.560             | 748               |
| After 2024                         | 28.342            | 25.976            |
| - of which to affiliated companies | 2.698             | 0                 |

In addition, there are open purchase order commitments for investment volumes in the amount of € 92,000 (previous year : € 123,000).

Employees: The company has no employees in the 2019 financial year. The employees are provided by a group loan from BMW AG, Munich, Munich.

Management Board:Chairman of the Board of Management:  
Markus Flasch, Dipl. IngenieurDivision Manager  
BMW M, Gesellschaft für individuelle Automobile  
  
Stefan Pielmeier, Dipl. BetriebswirtHead of the  
Finance Department  
BMW M, Gesellschaft für individuelle Automobile

Group-BMW M GmbH is a wholly owned subsidiary of Bayerische Motoren Werke Aktiengesellschaft, Munich, with which a profit and loss transfer agreement exists and is included in its consolidated financial statements. The Consolidated Financial Statements of Bayerische Motoren Werke Aktiengesellschaft for the 2019 financial year will be submitted to the operator of the electronic Federal Gazette and will be available on the website of the Company Register. This also corresponds to the Company's largest and smallest group of consolidated companies.

Management report: The company makes use of the exemption option of § 264 para. 3 HGB with regard to the preparation of a management report in accordance with § 289 HGB and for disclosure in accordance with § 325 HGB.

Transactions with related parties  
Company and People:

Transactions with related companies and persons are only conducted transactions with related parties at arm's length.

Supplementary report:

On 30 January 2020, the World Health Organisation (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 consequences for the business performance of BMW M GmbH are continuously monitored. Based on the latest developments, BMW M GmbH assumes that the increasing spread of the coronavirus and the necessary containment measures will have a negative impact on BMW AG's vehicle sales in all major sales markets and thus directly on BMW M GmbH's commission income. Due to the special situation, a large number of BMW and MINI Driving Experience training events have already had to be cancelled. These considerable losses in revenue cannot be made up for in the current year due to limited track capacities.

Auditor-Fee:

In respect of the disclosure for the financial year made by the auditor for the  
The total fee calculated for the 2019 financial year makes use of the  
simplification option pursuant to section 285 sentence 1 no. 17 of the  
German Commercial Code (HGB).  
as the information is included in the consolidated financial statements of  
BMW AG are included .

Munich, 31.03.2020

[SIGNATURE]  
Markus Flasch

[SIGNATURE]  
Stefan Pielmeier