

BMW
GROUP



ROLLS-ROYCE
MOTOR CARS LTD



30 JUNE 2022

HALF-YEAR REPORT

CONTENTS

3	BMW Group at a Glance
10	Interim Group Management Report
30	Interim Group Financial Statements
74	Other Information

BMW GROUP AT A GLANCE

4 BMW Group in Figures

BMW GROUP IN FIGURES

KEY PERFORMANCE INDICATORS

		2nd quarter 2022	2nd quarter 2021	Change in %
GROUP				
Profit before tax	€ million	3,929	5,979	- 34.3
AUTOMOTIVE SEGMENT				
Deliveries ¹	units	563,187	702,441	- 19.8
Share of electrified vehicles in deliveries	%	16.8	11.8	42.4
EBIT margin ²	%	8.2	15.8	- 48.1
MOTORCYCLES SEGMENT				
Deliveries	units	60,152	65,018	- 7.5
EBIT margin ²	%	14.7	17.2	- 14.5

¹ Includes 96,133 units delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 186,206 units, January to June 2021: 362,044 units).
 ↗ See page 12 for further information.

² Profit / loss before financial result as a percentage of segment revenues.

FURTHER PERFORMANCE FIGURES

		2nd quarter 2022	2nd quarter 2021	Change in %
AUTOMOTIVE SEGMENT				
Deliveries				
BMW ¹	units	496,432	617,667	- 19.6
MINI	units	65,188	83,165	- 21.6
Rolls-Royce	units	1,567	1,609	- 2.6
Total¹	units	563,187	702,441	- 19.8
Production volume				
Total²	units	616,878	614,009	0.5
FINANCIAL SERVICES SEGMENT				
New contracts with retail customers		382,019	540,279	- 29.3

¹ Includes 96,133 units delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 186,206 units, January to June 2021: 362,044 units).
 ↗ See page 12 for further information.

² Includes 58,507 units produced by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 170,266 units, January to June 2021: 336,800 units).
 ↗ See page 12 for further information.

FURTHER PERFORMANCE FIGURES

		2nd quarter 2022	2nd quarter 2021	Change in %
Free cash flow Automotive segment	€ million	2,954	2,380	24.1
Group revenues	€ million	34,770	28,582	21.6
Automotive	€ million	30,015	24,983	20.1
Motorcycles	€ million	864	868	- 0.5
Financial Services	€ million	8,765	8,200	6.9
Other Entities	€ million	2	1	-
Eliminations	€ million	- 4,876	- 5,470	- 10.9
Group profit / loss before financial result (EBIT)	€ million	3,426	5,005	- 31.5
Automotive	€ million	2,463	3,953	- 37.7
Motorcycles	€ million	127	149	- 14.8
Financial Services	€ million	982	1,128	- 12.9
Other Entities	€ million	- 142	1	-
Eliminations	€ million	- 4	- 226	- 98.2
Group profit / loss before tax (EBT)	€ million	3,929	5,979	- 34.3
Automotive	€ million	2,526	4,750	- 46.8
Motorcycles	€ million	128	149	- 14.1
Financial Services	€ million	974	1,149	- 15.2
Other Entities	€ million	277	124	-
Eliminations	€ million	24	- 193	-
Group income taxes	€ million	- 882	- 1,189	- 25.8
Group net profit / loss	€ million	3,047	4,790	- 36.4
Earnings per share of common stock¹	€	4.30	7.23	- 40.5
Earnings per share of preferred stock¹	€	4.31	7.24	- 40.5
Group pre-tax return on sales²	%	11.3	20.9	- 45.9

¹ Common / preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of € 0.02 per share of preferred stock are spread over the four quarters of the corresponding financial year.

² Group profit / loss before tax as a percentage of Group revenues.

KEY PERFORMANCE INDICATORS

		1 January to 30 June 2022	1 January to 30 June 2021	Change in %
GROUP				
Profit before tax	€ million	16,156	9,736	65.9
AUTOMOTIVE SEGMENT				
Deliveries ¹	units	1,160,094	1,339,047	- 13.4
Share of electrified vehicles in deliveries	%	15.9	11.4	39.5
EBIT margin ²	%	8.5	13.0	- 34.6
MOTORCYCLES SEGMENT				
Deliveries	units	107,555	107,610	- 0.1
EBIT margin ²	%	14.1	17.5	- 19.4

¹ Includes 96,133 units delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 186,206 units, January to June 2021: 362,044 units).
 ↗ See page 12 for further information.

² Profit / loss before financial result as a percentage of segment revenues.

FURTHER PERFORMANCE FIGURES

		1 January to 30 June 2022	1 January to 30 June 2021	Change in %
AUTOMOTIVE SEGMENT				
Deliveries				
BMW ¹	units	1,016,228	1,178,210	- 13.7
MINI	units	140,675	157,848	- 10.9
Rolls-Royce	units	3,191	2,989	6.8
Total¹	units	1,160,094	1,339,047	- 13.4
Production volume				
Total²	units	1,158,654	1,283,127	- 9.7
FINANCIAL SERVICES SEGMENT				
New contracts with retail customers		815,448	1,029,345	- 20.8

¹ Includes 96,133 units delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 186,206 units, January to June 2021: 362,044 units).
↗ See page 12 for further information.

² Includes 58,507 units produced by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 170,266 units, January to June 2021: 336,800 units).
↗ See page 12 for further information.

FURTHER PERFORMANCE FIGURES

		1 January to 30 June 2022	1 January to 30 June 2021	Change in %
Free cash flow Automotive segment	€ million	7,770	4,902	58.5
Group revenues	€ million	65,912	55,360	19.1
Automotive	€ million	56,741	47,745	18.8
Motorcycles	€ million	1,663	1,621	2.6
Financial Services	€ million	17,251	16,106	7.1
Other Entities	€ million	3	2	50.0
Eliminations	€ million	-9,746	-10,114	-3.6
Group profit / loss before financial result (EBIT)	€ million	6,817	8,030	-15.1
Automotive	€ million	4,830	6,189	-22.0
Motorcycles	€ million	235	284	-17.3
Financial Services	€ million	1,948	1,895	2.8
Other Entities	€ million	-174	-5	-
Eliminations	€ million	-22	-333	-93.4
Group profit / loss before tax (EBT)	€ million	16,156	9,736	65.9
Automotive	€ million	12,946	7,526	72.0
Motorcycles	€ million	237	284	-16.5
Financial Services	€ million	1,981	1,936	2.3
Other Entities	€ million	962	265	-
Eliminations	€ million	30	-275	-
Group income taxes	€ million	-2,924	-2,113	38.4
Group net profit / loss	€ million	13,232	7,623	73.6
Earnings per share of common stock¹	€	19.63	11.49	70.8
Earnings per share of preferred stock¹	€	19.64	11.50	70.8
Group pre-tax return on sales²	%	24.5	17.6	39.2

¹ Common / preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of € 0.02 per share of preferred stock are spread over the four quarters of the corresponding financial year.

² Group profit / loss before tax as a percentage of Group revenues.

INTERIM GROUP MANAGEMENT REPORT

11 **Financial Performance**

11 General Economic Environment

12 Group Overview

16 Automotive Segment

22 Financial Services Segment

24 Other Entities Segment And Eliminations

25 **Outlook, Risk and Opportunity Management**

25 Outlook

29 Risk and Opportunity Management

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

FINANCIAL PERFORMANCE

GENERAL ECONOMIC ENVIRONMENT

The first half of 2022 saw a significant slowdown in economic activity worldwide. At present, the International Monetary Fund (IMF) is still projecting growth of 3.2 %, compared with its forecast of 4.4 % for the global economy at the beginning of the year. The main reasons for the downgrade are the war in Ukraine since the end of February and related sanctions, as well as the zero-covid policy focused measures taken in China to contain the coronavirus pandemic which have resulted in regional lockdowns lasting several weeks in some cases. The resulting intensification of supply chain problems and sharp rise in energy prices have given rise to significant distortions in the global economy and are currently driving up inflation rates. In response, many central banks have already initiated tighter monetary policies, thereby putting further pressure on economic growth.

International automobile markets

Against the backdrop of the ongoing tight supply situation for semiconductor components, international automobile markets were unable to avoid the adverse impact of these various unfavourable trends and contracted during the first half of 2022. Registration figures for the six-month period therefore developed as follows in the largest automobile markets:

	Change compared to previous year in %
EU 27	- 14
thereof Germany	- 11
thereof France	- 16
thereof Italy	- 22
thereof Spain	- 11
United Kingdom (UK)	- 12
USA	- 18
China	- 8
Japan	- 15
South Korea	- 11
Total	- 14

11 General economic environment

12 **Group overview**

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

GROUP OVERVIEW

BMW Group occupies top position in premium segment – sales of electric vehicles rising rapidly

The unabated electrification of the BMW Group's product portfolio remains a key success factor for sales growth. Sales of BMW and MINI brand all-electric models grew particularly strongly, rising by 110.3 % to 75,890¹ units in the first half of 2022 and therefore more than doubling compared to the same period one year earlier (2021: 36,087¹ units). Sales of BEV and PHEV models increased to 184,468¹ units, significantly up on the previous year (2021: 153,243¹ units; + 20.4 %). The proportion of electrified vehicles in total deliveries during the six-month period therefore climbed to 15.9 % (2021: 11.4 %; + 39.5 %).

However, ongoing supply bottlenecks for vehicle components worldwide and pandemic-related lockdowns in China meant that demand for BMW Group automobiles could not be fully met despite good order book levels. As a result, total deliveries of BMW, MINI and Rolls-Royce brand vehicles in the period from April to June 2022 decreased to 563,187² units, well down on the previous year's record second-quarter figure (2021: 702,441² units; – 19.8 %). During the first six months of the year, the BMW Group delivered a total of 1,160,094² units to customers (2021: 1,339,047² units; – 13.4 %). Despite these developments, the BMW Group nevertheless maintained its leading position in the premium segment within the six-month period under report.

The Financial Services segment recorded a 2.3 % increase in profit before tax in the first half of 2022 to € 1,981 million (2021: € 1,936 million). However, in line with the development of Automotive segment sales, the number of new credit financing and leasing contracts concluded during the period decreased. New contracts with retail customers in this period fell to 815,448 contracts (2021: 1,029,345 contracts; – 20.8 %). As of 30 June 2022, the Financial Services segment's portfolio of credit financing and leasing contracts with retail customers decreased in size to 5,411,274 contracts (31 December 2021: 5,577,011; – 3.0 %).

Due to the first-time consolidation of BMW Brilliance Automotive Ltd., Shenyang, (BMW Brilliance) with effect from 11 February 2022, Group profit before tax increased significantly to € 16,156 million in the six-month period under report (2021: € 9,736 million, second quarter 2022: € 3,929 million, 2021: € 5,979 million). The Group's pre-tax return on sales (EBT margin) in the first half of 2022 was 24.5 % (2021: 17.6 %, second quarter 2022: 11.3 %, 2021: 20.9 %).

Increased shareholding in BMW Brilliance Automotive Ltd.

On 11 February 2022, via its subsidiary BMW Holding B.V., the BMW Group acquired a further 25 % of the shares in the BMW Brilliance joint venture, thereby increasing its shareholding from 50 % to 75 %.

The new joint venture agreement came into force and the formal transfer of shares was completed on 11 February 2022, following the issuance of a new business license. Since that date, the BMW Group has held a 75 % majority of the voting rights in BMW Brilliance, which has therefore been fully consolidated as a subsidiary in the BMW Group Financial Statements with effect from 11 February 2022. The contractual term of the joint venture, which previously ran until 2028, has been extended to 2040 (see [note \[03\]](#) to the Interim Group Financial Statements).

¹ Including the BMW Brilliance Automotive Ltd., Shenyang, joint venture. [See page 12](#) for further information.

² Includes 96,133 units delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 186,206 units, January to June 2021: 362,044 units). [See page 12](#) for further information.

11 General economic environment

12 **Group overview**

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

Group net profit significantly improved by first-time consolidation of BMW Brilliance

The first-time consolidation of BMW Brilliance as of 11 February 2022 has a significant impact on the performance indicators presented for the Group and the Automotive segment. In the following analysis, only significant year-on-year deviations in the Group result for the second quarter and the six-month period attributable to BMW Brilliance's full consolidation are highlighted.

Group revenues recorded between January and June rose significantly year on year to € 65,912 million (2021: € 55,360 million; + 19.1%, second quarter 2022: € 34,770 million, 2021: € 28,582 million; + 21.6 %), primarily due to the impact of the first-time consolidation of BMW Brilliance, as described above.

Supply bottlenecks for semiconductor components, the limited availability of wiring harnesses due to the war in Ukraine and pandemic-related lockdowns in China led to production cutbacks worldwide during the first half-year. While the supply situation for wiring harnesses eased during the second quarter, the limited availability of semiconductor components and lockdowns in China in particular continue to have a negative impact on global supply chains.

However, the resulting decline in sales volumes was more than offset by positive pricing and product mix effects, as well as by the higher volume of business with spare parts and accessories. Currency-related factors also had a positive impact on revenues. In particular, the positive situation on pre-owned vehicle markets in the USA, the UK and Germany also enabled higher selling prices to be achieved on lease returns.

Group cost of sales increased to € 54,399 million (2021: € 44,109 million; + 23.3 %, second quarter 2022: € 28,780 million, 2021: € 22,521 million; + 27.8 %), with BMW Brilliance accounting for a significant proportion of the increase, in line with the higher amount of revenues reported. Cost of sales also went up due to the first-time consolidation of BMW Brilliance, including the expense for depreciation and amortisation arising on the

purchase price allocation and the elimination of intragroup profits totalling approximately € 2.3 billion (second quarter 2022: € 1.1 billion). Higher costs associated with the limited availability of semiconductor components as well as rising prices for raw materials and energy also had an unfavourable effect. Cost of sales also increased due to the high cost of lease returns on the one hand and the higher proportion of electrified vehicles sold on the other. By contrast, the remarketing result arising on the resale of lease returns continued to have a positive impact on cost of sales, mainly due to the high level of residual values prevailing on pre-owned vehicle markets during the first half of 2022. The useful lives of property, plant and equipment were extended during the six-month period under report in light of the ongoing transformation towards electric mobility and its impact on the product portfolio. The revision of useful lives had a positive impact on cost of sales (see [note \[12\]](#) to the Interim Group Financial Statements).

In the corresponding period of the previous financial year, the modernisation of the pension plan reduced cost of sales and selling and administrative expenses by a total of € 503 million.

Research and development expenditure totalling € 2,942 million (2021: € 2,574 million; + 14.3 %) was significantly higher than one year earlier. By contrast, the research and development ratio went down year on year to 4.5 % due to the higher level of revenues reported.

Research and development expenses related mainly to new models (such as the NEUE KLASSE) as well as the electrification and digitalisation of the vehicle fleet and automated driving.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

BMW Group research and development expenses

in € million	2nd quarter 2022	2nd quarter 2021	Change in %	1 January to 30 June 2022	1 January to 30 June 2021	Change in %
Research and development expenditure ¹	1,551	1,287	20.5	2,942	2,574	14.3
Amortisation	523	460	13.7	1,041	897	16.1
Capitalised development costs	-514	-443	16.0	-855	-734	16.5
Research and development expenses	1,560	1,304	19.6	3,128	2,737	14.3

in %	2nd quarter 2022	2nd quarter 2021	Change in %pts	1 January to 30 June 2022	1 January to 30 June 2021	Change in %pts
Research and development expenses as a percentage of revenues	4.5	4.6	-0.1	4.7	4.9	-0.2
Research and development expenditure ratio ²	4.5	4.5	0.0	4.5	4.6	-0.1
Capitalisation rate ³	33.1	34.4	-1.3	29.1	28.5	0.6

The net positive amount of other operating income and expenses for the six-month period was € 886 million lower than one year earlier. In the previous year, other operating income included income of approximately € 1 billion resulting from the partial reversal of the provision for EU antitrust proceedings.

The six-month financial result improved to € 9,339 million (2021: € 1,706 million, second quarter 2022: € 503 million, 2021: € 974 million). Included in those figures, other financial result amounted to € 8,930 million (2021: € 767 million, second quarter 2022: € 399 million, 2021: € 433 million; -7.9%). The main factor driving the year-on-year improvement was the provisional gain of around € 7.7 billion recognised in conjunction with the remeasurement of the BMW Group's previous at-equity interest in BMW Brilliance at the date of the business combination. Other financial result also benefited from the continued favourable fair value development of interest and currency rate hedges due to significant upturns in yield curves, mainly in the USA, the UK and the eurozone.

¹ Research and development expenditure comprises the sum of research and non-capitalised development cost and capitalised development cost (not including the associated scheduled amortisation).

² Research and development expenditure as a percentage of revenues.

³ Capitalised development costs as a percentage of research and development expenditure.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

The reported positive result from at-equity accounted investments amounted to € 137 million and was therefore significantly lower than one year earlier (2021: positive € 975 million; – 85.9 %, second quarter 2022: negative € 123 million, 2021: positive € 546 million), reflecting the fact that the Group's share of earnings in the BMW Brilliance joint venture in China was only included in this line item until 10 February 2022.

Group profit for the six-month period was reduced by a mid-three-digit million amount as a result of the recognition of expenses in connection with the valuation of assets and liabilities accounted for by the BMW Group's Russian subsidiaries (see [7 note \[05\]](#) to the Interim Group Financial Statements).

Despite the negative impact of lower sales volumes, component shortages and higher raw materials prices, Group profit before tax for the six-month period increased to € 16,156 million (2021: € 9,736 million, second quarter 2022: € 3,929 million, 2021: € 5,979 million). The Group EBT margin for the period from January to June came in at 24.5 % (2021: 17.6 %, second quarter 2022: 11.3 %, 2021: 20.9 %).

Financing activities

During the six-month period ended 30 June 2022, the BMW Group issued bonds totalling approximately € 4.5 billion, refinancing itself by means of a bond issue in China (Panda bond), a euro benchmark bond and a 144A bond denominated in USD. In addition, ABS transactions with a total volume of approximately € 7.8 billion were either newly concluded or prolonged in the USA, Germany, the UK, China and Canada.

Group liquidity remained at a high level of around € 26.2 billion at the end of the reporting period (31 December 2021: € 20.2 billion).

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

AUTOMOTIVE SEGMENT

		2nd quarter 2022	2nd quarter 2021	Change in %
Deliveries ^{1, 2}	units	563,187	702,441	- 19.8
Production volume ³	units	616,878	614,009	0.5
Revenues	€ million	30,015	24,983	20.1
Profit before financial result (EBIT)	€ million	2,463	3,953	- 37.7
Profit before tax	€ million	2,526	4,750	- 46.8
EBIT margin ¹	%	8.2	15.8	- 48.1

		1 January to 30 June 2022	1 January to 30 June 2021	Change in %
Deliveries ^{1, 2}	units	1,160,094	1,339,047	- 13.4
Production volume ³	units	1,158,654	1,283,127	- 9.7
Revenues	€ million	56,741	47,745	18.8
Profit before financial result (EBIT)	€ million	4,830	6,189	- 22.0
Profit before tax	€ million	12,946	7,526	72.0
EBIT margin ¹	%	8.5	13.0	- 34.6

BMW Group maintains its leading position in premium segment

Worldwide demand for BMW, MINI and Rolls-Royce brand vehicles remained strong during the first half of 2022. At the same time, however, operations continued to be hampered by vehicle component shortages and the impact of pandemic-related lockdowns in China. Despite these adverse circumstances, however, the BMW Group maintained its leading position in the global premium segment.

In total, 1,160,094² BMW Group vehicles were delivered to customers during the six-month period under report, down by 13.4 % compared to the previous year's record level of 1,339,047² units, comprising 1,016,228² BMW (2021: 1,178,210² units; - 13.7 %), 140,675 MINI (2021: 157,848 units; - 10.9 %) and 3,191 Rolls-Royce brand vehicles (2021: 2,989 units; + 6.8 %).

¹ Key performance indicator

² Includes 96,133 units delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 186,206 units, January to June 2021: 362,044 units).
↗ See page 12 for further information.

³ Includes 58,507 units produced by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 170,266 units, January to June 2021: 336,800 units).
↗ See page 12 for further information.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

In the second quarter, the BMW Group delivered a total of 563,187¹ vehicles (2021: 702,441¹ units; –19.8%), of which the BMW brand accounted for 496,432¹ units (2021: 617,667¹ units; –19.6%) and the MINI brand for 65,188 units (2021: 83,165 units; –21.6%). Second-quarter deliveries of the ultra-luxury Rolls-Royce brand totalled 1,567 units, only marginally down on the previous year's corresponding figure (2021: 1,609 units; –2.6%).

Electric mobility as a key success factor

Increasing the scope of electrification within the model range is proving to be a key success factor and driver of business growth for the BMW Group. Demand for electrified vehicles during the first half of 2022 remained high, matched by a corresponding increase in deliveries. The number of all-electric models delivered by the BMW Group during this period rose dynamically to 75,890² units (2021: 36,087² units; +110.3%). Deliveries of BEV and PHEV models during the six-month period climbed to 184,468² units (2021: 153,243² units; +20.4%). Second-quarter deliveries of all-electric vehicles increased to 40,601² units (2021: 21,926² units; +85.2%), contributing significantly to the overall rise in the sale of electrified vehicle models to 94,799² units (2021: 83,036² units; +14.2%). As a result, the proportion of deliveries of electrified vehicles to total deliveries also increased significantly, rising to 15.9% for the six-month period (2021: 11.4%; +39.5%).

The innovative BMW iX³ and BMW i4³ models are in high demand internationally, with deliveries rising to 12,839 units and 9,294 units respectively in the six-month period under report, thereby accounting for a high proportion of the BMW Group's sales of electrified vehicles. The BMW iX3³ (2022: 21,548 units, 2021: 10,009 units) and the MINI Cooper SE³ (2022: 18,428 units, 2021: 13,454 units) also contributed substantially to the sales growth achieved during the period under report. With the market launch of the all-electric BMW i7³ top range sedan and the BMW iX1³ during the course of the financial year 2022, the BMW Group continues to press ahead with the process of electrifying its model range in line with previous announcements.

BMW Group – deliveries of electrified models

in units	1 January to 30 June 2022	1 January to 30 June 2021	Change in %
BEV	75,890	36,087	110.3
BMW	57,462	22,633	153.9
MINI	18,428	13,454	37.0
PHEV	108,578	117,156	–7.3
BMW	101,472	106,833	–5.0
MINI	7,106	10,323	–31.2
Total²	184,468	153,243	20.4

Deliveries by region

A combination of ongoing supply bottlenecks for vehicle components such as semiconductors and further restrictions due to the coronavirus pandemic resulted in a decrease in total vehicle deliveries by the BMW Group in the first half of 2022.

A sharp decrease in deliveries was recorded in Europe, declining to 213,842 units in the second quarter (2021: 265,816 units; –19.6%) and 434,235 units over the six-month period (2021: 504,834 units; –14.0%). In Germany, the BMW Group delivered a total of 61,682 units in the second quarter (2021: 73,362 units; –15.9%) and 121,780 units over the half-year period (2021: 136,058 units; –10.5%).

In the Americas, after an upturn at the beginning of the year, the second quarter 2022 also saw deliveries to customers fall sharply to 105,606 units (2021: 128,792 units; –18.0%), resulting in a moderate decline of 9.0% for the six-month period (2022: 204,775 units, 2021: 225,144 units). Figures for the USA were also down, with 84,489 units delivered to customers between April and June (2021: 106,369 units; –20.6%) and 165,463 units delivered during the first half of the year (2021: 184,436 units; –10.3%).

¹ Includes 96,133 units delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 186,206 units, January to June 2021: 362,044 units).
↗ See page 12 for further information.

² Including the BMW Brilliance Automotive Ltd., Shenyang joint venture. ↗ See page 12 for further information.

³ ↗ See Consumption and Carbon Disclosures.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

In Asia, pandemic-related restrictions in the form of renewed lockdowns in China had a particularly significant impact on sales volumes, with second-quarter and six-month deliveries down to 230,494* units (2021: 292,654* units; –21.2 %) and 495,559* units (2021: 580,351* units; –14.6 %) respectively. In China, deliveries fell to 170,571* units (2021: 237,763* units; –28.3 %) in the second quarter and to 379,524* units (2021: 467,956* units; –18.9 %) over the six-month period under report.

Automotive segment – deliveries by region and market

in units	2nd quarter 2022	2nd quarter 2021	Change in %	1 January to 30 June 2022	1 January to 30 June 2021	Change in %
Europe	213,842	265,816	– 19.6	434,235	504,834	– 14.0
thereof Germany	61,682	73,362	– 15.9	121,780	136,058	– 10.5
thereof UK	37,883	45,228	– 16.2	77,784	87,641	– 11.2
Americas	105,606	128,792	– 18.0	204,775	225,144	– 9.0
thereof USA	84,489	106,369	– 20.6	165,463	184,436	– 10.3
Asia	230,494 *	292,654 *	– 21.2	495,559 *	580,351 *	– 14.6
thereof China	170,571 *	237,763 *	– 28.3	379,524 *	467,956 *	– 18.9
Other markets	13,245	15,179	– 12.7	25,525	28,718	– 11.1
Total	563,187 *	702,441 *	– 19.8	1,160,094 *	1,339,047 *	– 13.4

* Includes 96,133 units delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 186,206 units, January to June 2021: 362,044 units).

↗ See page 12 for further information.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

Deliveries of BMW brand vehicles by model series

in units	1 January to 30 June 2022	1 January to 30 June 2021	Change in %
BMW 1 Series / 2 Series	98,316	149,633	- 34.3
BMW 3 Series / 4 Series	228,274	273,072	- 16.4
BMW 5 Series / 6 Series	158,977	179,045	- 11.2
BMW 7 Series / 8 Series	23,863	34,731	- 31.3
BMW Z4	6,673	8,290	- 19.5
BMW X1 / X2	130,643	172,042	- 24.1
BMW X3 / X4	198,844	202,916	- 2.0
BMW X5 / X6	116,758	118,718	- 1.7
BMW X7	27,843	26,902	3.5
BMW i (iX, i3 and i8)	26,037	12,861	102.4
BMW total	1,016,228	1,178,210	- 13.7
thereof BEV	57,462	22,633	153.9
thereof PHEV	101,472	106,833	- 5.0

BMW brand down on previous year – strong growth for all-electric vehicles

Second-quarter deliveries of BMW brand vehicles decreased to 496,432¹ units (2021: 617,667¹ units; - 19.6 %). The cumulative figure for the six-month period also fell short of the previous year's record level (2022: 1,016,228¹ units, 2021: 1,178,210¹ units; - 13.7 %). Within the top range segment, on the other hand, half-year deliveries of the BMW X7 were up by 3.5 % compared to one year earlier. Significant increases were recorded by the BMW brand's all-electric models, with growth in the first half of the year above 150 %, driven in particular by the new innovative BMW iX² launched in 2021.

MINI – electrification set to continue success story

MINI brand deliveries fell to 65,188 units in the second quarter 2022 (2021: 83,165 units; - 21.6 %) and 140,675 units for the six-month period (2021: 157,848 units; - 10.9 %). MINI also recorded growth in business with electrified models, driven in particular by the all-electric MINI Cooper SE², deliveries of which increased by 37.0 % to 18,428 units in the six-month period under report (2021: 13,454 units). In total, electrified vehicles accounted for more than 18 % of global deliveries of the MINI brand in the first six months of the financial year 2022.

Increase in Rolls-Royce deliveries

Rolls-Royce Motor Cars can look back on a highly successful six-month performance. After a strong start to the year, deliveries of the ultra-luxury marque fell to 1,567 units in the second quarter, only slightly down on the previous year's high figure (2021: 1,609 units; - 2.6 %). Overall, however, deliveries during the first half of the year increased by a solid 6.8 % to 3,191 units (2021: 2,989 units), driven in particular by the Rolls-Royce Cullinan² as well as the Phantom² and Ghost² models.

Profit before financial result down on previous year due to lower deliveries and negative first-time consolidation effects

The first-time consolidation of BMW Brilliance also had a significant impact on the performance indicators presented for the Automotive segment. In line with the approach taken for the Group, in the following analysis, only significant year-on-year deviations arising in the Automotive segment due to the full consolidation of BMW Brilliance are highlighted.

¹ Includes 96,133 units delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements) (second quarter 2021: 186,206 units, January to June 2021: 362,044 units).

² See page 12 for further information.

² See Consumption and Carbon Disclosures.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

Segment revenues recorded between January and June rose significantly year on year to € 56,741 million (2021: € 47,745 million; + 18.8 %, second quarter 2022: € 30,015 million, 2021: € 24,983 million; + 20.1 %), mainly reflecting the impact of the full consolidation of BMW Brilliance. The disruptions to global production described above caused sales volumes to decline in the first half of 2022. However, positive pricing and product mix effects, increased revenues from the sale of spare parts and accessories and the positive situation on pre-owned markets, reflected in higher residual values, more than offset the impact of lower sales volumes. Revenues also benefited from favourable currency effects.

Cost of sales increased to € 48,093 million (2021: € 39,060 million; + 23.1 %, second quarter 2022: € 25,464 million, 2021: € 20,344 million; + 25.2 %), with BMW Brilliance accounting for a significant proportion of the increase, in line with the higher amount of revenues reported. Cost of sales was also impacted by the first-time consolidation of BMW Brilliance, including the expense for depreciation and amortisation arising on the purchase price allocation and the elimination of intercompany profits amounting to approximately € 2.3 billion (second quarter 2022: € 1.1 billion). Rising prices for raw materials and energy, price increases in general, and higher research and development expenses all had the effect of driving up cost of sales. Moreover, the growing proportion of electrified vehicles sold also contributed to the year-on-year increase in cost of sales.

In the corresponding period of the previous financial year, the modernisation of the pension plan reduced cost of sales and selling and administrative expenses.

The net positive amount of other operating income and expenses was lower than one year earlier. The net figure in the second quarter of the previous year included income of approximately € 1 billion resulting from the partial reversal of the provision for EU antitrust proceedings.

The profit before financial result for the six-month period amounted to € 4,830 million (2021: € 6,189 million; – 22.0 %, second quarter 2022:

€ 2,463 million, 2021: € 3,953 million; – 37.7 %). The Automotive segment's EBIT margin for the period from January to June came in at 8.5 % (2021: 13.0 %, second quarter 2022: 8.2 %, 2021: 15.8 %).

The segment financial result for the six-month period was a net positive amount of € 8,116 million (2021: € 1,337 million, second quarter 2022: € 63 million, 2021: € 797 million). The sharp increase in other financial result arose in conjunction with the remeasurement of the segment's previous at-equity interest in BMW Brilliance. The result from at-equity accounted investments deteriorated to a net positive amount of € 137 million (2021: net positive amount of € 975 million; – 85.9 %, second quarter 2022: net negative amount of € 123 million, 2021: net positive amount of € 546 million), reflecting the fact that the segment share of joint venture earnings was only included in this line item until 10 February 2022.

Interest and similar expenses reported in the second quarter 2022 included income arising on the change in interest rates in connection with the measurement of provisions.

The various items described above contributed to the increase in segment profit before tax to € 12,946 million for the six-month period (2021: € 7,526 million, second quarter 2022: € 2,526 million, 2021: € 4,750 million; – 46.8 %).

Automotive segment – free cash flow for the period from 1 January to 30 June

The Automotive segment's free cash flow includes operating cash flows from the fully consolidated entity BMW Brilliance with effect from 11 February 2022. For the six-month period, segment free cash flow amounted to € 7,770 million (2021: € 4,902 million). The main reason for the year-on-year increase was the cash inflow from investing activities, whereby higher cash outflows for intangible assets and property, plant and equipment were more than offset by a cash inflow of € 5,011 million resulting from the full consolidation of BMW Brilliance.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

Cash inflows from operating activities fell year on year, mainly due to the decrease in liabilities for advance payments received and the reduction in dealership bonus liabilities, the latter caused by pandemic-related dealership closures in China and the accompanying negative impact on the Chinese sales company as well as on BMW Brilliance. In addition, the cash inflow from operating activities was impacted by the significantly higher level of tax paid compared to one year earlier.

in € million	2022	2021	Change
Cash inflow (+) / outflow (-) from operating activities	5,677	7,251	- 1,574
Cash inflow (+) / outflow (-) from investing activities	2,057	- 2,360	4,417
Adjustment for net investment in marketable securities and investment funds	36	11	25
Free cash flow Automotive segment	7,770	4,902	2,868

Automotive segment – net financial assets

In the Automotive segment, net financial assets comprised the following:

in € million	30.6.2022	31.12.2021	Change
Cash and cash equivalents	18,355	12,009	6,346
Marketable securities and investment funds	3,595	3,767	- 172
Intragroup net financial assets	10,302	9,111	1,191
Financial assets	32,252	24,887	7,365
Less: external financial liabilities*	- 2,717	- 2,525	- 192
Net financial assets Automotive segment	29,535	22,362	7,173

* Excluding derivative financial instruments.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

FINANCIAL SERVICES SEGMENT

		2nd quarter 2022	2nd quarter 2021	Change in %
New contracts with retail customers		382,019	540,279	- 29.3
Revenues	€ million	8,765	8,200	6.9
Profit before financial result (EBIT)	€ million	982	1,128	- 12.9
Profit before tax	€ million	974	1,149	- 15.2
		1 January to 30 June 2022	1 January to 30 June 2021	Change in %
New contracts with retail customers		815,448	1,029,345	- 20.8
Revenues	€ million	17,251	16,106	7.1
Profit before financial result (EBIT)	€ million	1,948	1,895	2.8
Profit before tax	€ million	1,981	1,936	2.3
		30.6.2022	31.12.2021	Change in %
Contract portfolio with retail customers		5,411,274	5,577,011	- 3.0
Business volume in balance sheet terms*	€ million	140,502	139,530	0.7

Financial Services segment earnings up slightly

The profit before tax generated by the Financial Services segment for the six-month period rose slightly to € 1,981 million (2021: € 1,936 million; + 2.3 %). In addition to the underlying profitability of the portfolio, earnings during the reporting period benefited in particular from high remarketing proceeds from lease returns, particularly in the USA and Europe, and favourable currency effects, while write-downs recognised

in connection with the war in Ukraine and related uncertainties had an offsetting effect. Rising inflation and interest rates are beginning to cause conditions to deteriorate for consumers. Credit losses remained at an historically low level.

In balance sheet terms, the segment's business volume was at a similar level to that reported at the end of the previous financial year.

* Calculated on the basis of the line items "Leased products" and "Receivables from sales financing" (current and non-current) as reported in the Financial Services segment balance sheet.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

New business with retail customers down year on year

A total of 815,448 new credit financing and leasing contracts were concluded with retail customers during the first half of 2022 (2021: 1,029,345 contracts; – 20.8 %). The decline in new business was primarily attributable to the tight supply situation for semiconductor components affecting the automotive sector, which has resulted in limited availability of new vehicles. In addition, competition within the financial services sector remains intense.

Burdened by these factors, the volume of new leasing and credit financing business fell by 25.3 % and 18.6 % respectively. In the first half of 2022, leasing accounted for 30.1 % and credit financing for 69.9 % of new business.

New contracts signed during the six-month period included 170,721 credit financing and leasing contracts relating to pre-owned BMW and MINI brand vehicles (2021: 209,821 contracts; – 18.6 %).

The improved product mix and higher selling prices being achieved by the Automotive segment also gave rise to a higher average financing volume per vehicle in the Financial Services segment during the period under report, partially offsetting the impact of the lower number of new contracts. Favourable currency effects also helped to cushion the impact of the overall decrease. The total volume of new credit financing and leasing contracts with retail customers fell by 12.3 % to € 28,442 million (2021: € 32,445 million) year on year.

Over the six-month period, 44.4 %¹ of new BMW Group vehicles were either leased or financed by the Financial Services segment (2021: 50.2 %; – 5.8 percentage points).

At 30 June 2022, a total of 5,411,274 credit financing and leasing contracts were in place with retail customers (31 December 2021: 5,577,011 contracts; – 3.0 %). In the Asia / Pacific region, the contract portfolio was only marginally down on the previous year (– 0.3 %). The decreases recorded in the Europe / Middle East / Africa (– 1.9 %), China (– 2.7 %), EU Bank² (– 3.4 %) and Americas (– 5.2 %) regions were all on a larger scale.

Fleet business at previous year's level

Under the brand name Alphabet, the Financial Services segment's fleet management business offers leasing and financing arrangements as well as a range of related services, primarily to commercial customers. A portfolio of 690,862 fleet contracts was in place at 30 June 2022 (31 December 2021: 696,393 contracts; – 0.8 %).

Dealership financing up slightly on previous year

The total volume of dealership financing increased slightly to € 13,437 million at 30 June 2022 due to currency factors (31 December 2021: € 13,149 million; + 2.2 %).

¹ The calculation only includes automobile markets in which the Financial Services segment is represented by a consolidated entity.

² The EU Bank comprises BMW Bank GmbH with its branches in Italy, Spain and Portugal.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

OTHER ENTITIES SEGMENT AND ELIMINATIONS

In the Other Entities segment, profit before tax for the six-month period under report amounted to € 962 million (2021: € 265 million, second quarter 2022: € 277 million, 2021: € 124 million). Sundry other financial result was impacted by positive valuation effects arising on interest rate hedges due to higher interest rates in the USA, the UK and the eurozone.

At the level of profit / loss before tax for the six-month period, eliminations amounted to a positive amount of € 30 million (2021: negative € 275 million, second quarter 2022: positive € 24 million, 2021: negative € 193 million). The year-on-year change was mainly impacted by lower eliminations due to the decrease in new leasing business as a result of lower vehicle sales.

11	General economic environment
12	Group overview
16	Automotive segment
22	Financial services segment
24	Other entities segment and eliminations
25	Outlook
29	Risk and opportunity management

OUTLOOK, RISK AND OPPORTUNITY MANAGEMENT

The outlook presented in this half-year report as well as the comments on risk and opportunity management show the expected development of the BMW Group, including significant risks and opportunities, from a Group management perspective for the remainder of the financial year 2022. They contain forward-looking statements based on expectations and assessments that are subject to a substantial degree of uncertainty. Actual business developments could deviate both positively and negatively from the assumptions described below due to a broad range of factors, including unexpected changes in the economic, political and/or legal environment. Currently, potential causes of deviation include in particular the war in Ukraine and its potential geopolitical effects, the tight global supply situation for vehicle components and the further course of the coronavirus pandemic. In addition, rising inflation rates and interest rates are making conditions for consumers increasingly difficult. Further information is provided in the BMW Group Report 2021 (Outlook, from page 124 et seq. and Risk and opportunity management, from page 129 et seq.).

OUTLOOK

International automobile markets

In light of the numerous adverse factors facing the sector, the outlook for the world's automobile markets for the full year 2022 has deteriorated further. The continuing limited availability of intermediate products and raw materials means that new vehicles continue to be in short supply. Rising inflation and interest rates are resulting in many markets in less favourable financing conditions for consumers, potentially reducing their willing to spend. The outlook is further dampened by the global effects of the ongoing war in Ukraine and lockdowns in China. Taking all of these factors into account, the BMW Group currently expects the largest automobile markets to develop as follows in 2022:

	Change compared to previous year in %
EU 27	-2
thereof Germany	-1
thereof France	-2
thereof Italy	-5
thereof Spain	-6
United Kingdom (UK)	-3
USA	-9
China	-1
Japan	-8
South Korea	-6
Total	-6

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

Outlook for the BMW Group – assumptions used in the outlook

The BMW Group's performance in the first half of 2022 was negatively impacted by the war in Ukraine and ongoing supply bottlenecks for semiconductor components. Moreover, pandemic-related lockdowns in China led to disruptions at local production facilities and restrictions on global logistics and supply chains, thereby slowing the pace of economic growth in China. This mixture of adverse factors caused delivery figures to decline.

In the first quarter, the BMW Group had assumed that the supply situation for semiconductor components would ease during the second half of 2022. In the meantime, however, it is no longer expected to improve appreciably over the remainder of the year. Owing to the negative impact on production, the BMW Group now anticipates a slight year-on-year decline in Automotive segment deliveries over the full twelve-month period.

The BMW Group also expects higher expenses for raw materials and energy prices in the second half of the year, particularly due to reduced gas supplies, with a corresponding negative impact on earnings in the form of further rising costs of material and manufacturing.

High inflation and rising interest rates worldwide are making conditions for consumers less favourable and are likely to influence consumer spending behaviour in the coming months. As a consequence, the currently above-average order backlog – particularly in Europe – is expected to normalise.

The outlook does not factor in the following:

- A significant further tightening of sanctions on Russia and/or counter-measures by Russia
- An interruption of gas supplies from Russia, leading to supply restrictions to the production facilities of the BMW Group and its suppliers
- An escalation of the conflict outside Ukraine
- Further significant and lengthy pandemic-related lockdowns

Uncertainties have continued to grow during the year, making it extremely difficult to accurately forecast outcomes for the twelve-month period as a whole.

Overall assessment by Group management

As previously outlined in the BMW Group Report 2021, the full consolidation of BMW Brilliance on the one hand and production interruptions due to the war in Ukraine on the other have been key factors in determining the outlook for the financial year 2022*. The following summarised analysis therefore only covers the main factors taken into account in the Outlook.

The full consolidation of BMW Brilliance will result in a significant increase in reported Group profit before tax in the forecast period, even after taking into account the negative impact of production schedule adjustments and interruptions and the resulting decrease in Automotive segment deliveries.

The increased stake in BMW Brilliance and the full consolidation of that entity means that the total number of BMW Group employees will rise significantly.

* ↗ See BMW Group Report 2021, page 126 et seq.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

The share of women in management functions within the BMW Group is expected to rise slightly, irrespective of the Group's increased stake in BMW Brilliance.

Automotive segment deliveries fell in the first half of the year due to the various restricting factors described above, particularly the semiconductor shortage and logistics-related issues. As the situation is not currently expected to improve, the BMW Group now expects the number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers in 2022 as a whole to be slightly lower year on year.

Carbon emissions generated by the BMW Group's EU new vehicle fleet are still forecast to decrease slightly, driven primarily by the significantly growing share of electrified automobiles in total deliveries.

Carbon emissions per vehicle produced* are expected to decrease slightly.

The Automotive segment's EBIT margin is still predicted to come in within a range between 7 and 9 %. The expected drop in delivery figures is likely to be partially offset by positive pricing effects and the continued favourable situation on pre-owned vehicle markets. RoCE for the Automotive segment is still forecast to finish within a range between 14 and 19 %.

Motorcycles segment deliveries are expected to increase slightly. The segment EBIT margin is predicted to finish within a range between 8 and 10 % and the segment RoCE within a range of 19 and 24 %.

The ongoing favourable situation on pre-owned vehicle markets has contributed to higher earnings in the Financial Services segment, a trend that is expected to remain stable in the short term. Based on current assessments, the Financial Services segment has recognised appropriate levels of provisions/allowances to cover residual value and credit risks. Accordingly, segment RoE is now expected to finish within a range of between 17 and 20 %.

The BMW Group's actual business performance may deviate from current expectations in light of the numerous uncertainties highlighted above and/or the risks and opportunities identified in conjunction with the Group's risk and opportunity management system.

* Carbon emissions per vehicle produced already take BMW Brilliance into account.

11 General economic environment

12 Group overview

16 Automotive segment

22 Financial services segment

24 Other entities segment and eliminations

25 Outlook

29 Risk and opportunity management

BMW Group – key performance indicators

Based on current knowledge and assessments, the key performance indicators of the BMW Group for the full year 2022 are forecast as follows:

		2021		2022 Outlook	
		reported	adjusted	originally reported	updated
GROUP					
Profit before tax	€ million	16,060	-	Significant increase	-
Workforce at year-end		118,909	-	Significant increase	-
Share of women in management positions in the BMW Group	%	18.8	-	Slight increase	-
AUTOMOTIVE SEGMENT					
Deliveries ¹	units	2,521,514	-	in line with last year's level	Slight decrease
Share of electrified vehicles in deliveries	%	13.0	-	Significant increase	-
CO ₂ emissions EU new vehicle fleet ²	g / km	115.9	-	Slight decrease	-
CO ₂ emissions per vehicle produced ³	tons	0.33	-	Slight decrease	-
EBIT margin	%	10.3	-	between 7 and 9	-
Return on capital employed (RoCE) ⁴	%	59.9	24.0	between 14 and 19	-
MOTORCYCLES SEGMENT					
Deliveries	units	194,261	-	Slight increase	-
EBIT margin	%	8.3	-	between 8 and 10	-
Return on capital employed (RoCE) ⁴	%	35.9	21.9	between 19 and 24	-
FINANCIAL SERVICES SEGMENT					
Return on equity (RoE)	%	22.6	-	between 14 and 17	between 17 and 20

¹ Deliveries including the BMW Brilliance Automotive Ltd., Shenyang, joint venture (2021: 651,236 units).

² EU-27 countries including Norway and Iceland; with effect from 2021, values are calculated on a converted basis in line with WLTP (Worldwide Harmonised Light Vehicles Test Procedure).

³ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 carbon emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance, but excluding climate-changing gases other than carbon dioxide) from vehicle production (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and motorcycles, but excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites (e.g. research centres, sales centres, offices) divided by the number of vehicles produced (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and partner plants, but excluding contract manufacturers).

⁴ New calculation methodology from 2022. [↗ See chapter "Performance management", BMW Group Report 2021.](#)

11	General economic environment
12	Group overview
16	Automotive segment
22	Financial services segment
24	Other entities segment and eliminations
25	Outlook
29	Risk and opportunity management

RISK AND OPPORTUNITY MANAGEMENT

As a globally operating enterprise, the BMW Group is exposed to a broad range of risks, which can also give rise to opportunities. The BMW Group makes use of these opportunities as a prerequisite for achieving growth, profitability, greater efficiency and sustainability. The Group's corporate success is based on systematically leveraging opportunities as they present themselves. Any changes in the BMW Group's general risk profile are continuously analysed and factored into current and long-term forecasts as deemed necessary.

A continuation of the war in Ukraine or any further escalations could lead to additional sanctions and corresponding countermeasures. Reduced gas supplies from Russia to many European countries could affect energy supplies to manufacturing sites of the BMW Group and its suppliers, potentially resulting in production interruptions. Price increases for bought-in raw materials or vehicle components, for example as a consequence of the application of price adjustment clauses, could lead to higher costs.

International semiconductor and commodity markets remain highly volatile. Further price increases and/or supply bottlenecks as well as potential claims from suppliers could have a negative impact on the BMW Group's earnings. The further course of the coronavirus pandemic is also subject to a high degree of uncertainty, with potential adverse repercussions for sales volumes and global supply chains.

High inflation represents an additional exposure for business, in that falling levels of real income could dampen demand for durable goods such as automobiles. A broad-based downturn in demand, in conjunction

with interest rate hikes by central banks, could lead to a recession in the global economy. In that event, negative consequences (credit risk, residual value risk, rising refinancing costs) could also arise for the Financial Services segment. The first signs that these developments are affecting consumer behaviour can already be observed in many regions.

For several years, lawsuits have been filed against BMW Bank GmbH (BMW Bank) by consumers claiming the withdrawal from loan and leasing contracts. Since the beginning of 2020, several references for a preliminary ruling have been filed with the European Court of Justice (ECJ). On September 9, 2021, the ECJ decided on the abstract requirements to be complied with by creditors in consumer loan contracts. The principal risk assessment in this regard for the BMW Group Report 2021 is still valid. The following developments result from the ongoing legal proceedings: In the second quarter of 2022, the Federal Court of Justice (BGH) stated in a ruling that the provision on the default interest rate contained in the particular BMW Bank loan contract at issue in the proceedings did not meet the requirements set out by the ECJ. Therefore, there is a legal risk that borrowers might withdraw from the affected consumer loan contracts. For the period of use of the vehicle, customers are obliged to pay compensation in case of withdrawal from their loan contract. In September 2022, the ECJ will conduct hearings in further requests for a preliminary ruling on consumer mileage leasing and consumer loans. This may result in further withdrawal risks. The possible financial impact of these proceedings cannot be definitively assessed at this stage.

Further information on risks and opportunities as well as on the methods employed to manage them is also available in the "Risk and opportunity management" chapter of the BMW Group Report 2021 (page 129 et seq.).

INTERIM GROUP FINANCIAL STATEMENTS

31	Income Statement for Group and Segments for the period from 1 January to 30 June
33	Condensed Statement of Comprehensive Income for Group for the period from 1 January to 30 June
34	Income Statement For Group And Segments for the period from 1 April to 30 June
36	Condensed Statement of Comprehensive Income for Group for the period from 1 April to 30 June
37	Balance Sheet for Group and Segments at 30 June 2022
41	Condensed Cash Flow Statement for Group and Segments for the Period from 1 January to 30 June
42	Statement of Changes in Group Equity
44	Notes to the Group Financial Statements
72	Responsibility Statement by the Company's Legal Representatives
73	Review Report

INCOME STATEMENT FOR GROUP AND SEGMENTS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE

in € million	Note	Group		Automotive ¹		Motorcycles ¹
		2022	2021	2022	2021	2021
Revenues	06	65,912	55,360	56,741	47,745	1,621
Cost of sales		- 54,399	- 44,109	- 48,093	- 39,060	- 1,224
Gross profit		11,513	11,251	8,648	8,685	397
Selling and administrative expenses		- 4,712 ²	- 4,123 ²	- 3,893	- 3,377	- 114
Other operating income	07	739	1,307	595	1,269	1
Other operating expenses	07	- 723	- 405	- 520	- 388	-
Profit / loss before financial result		6,817	8,030	4,830	6,189	284
Result from equity accounted investments		137	975	137	975	-
Interest and similar income	08	170	59	242	113	2
Interest and similar expenses	08	102	- 95	11	- 160	-
Other financial result	09	8,930	767	7,726	409	-
Financial result		9,339	1,706	8,116	1,337	2
Profit / loss before tax		16,156	9,736	12,946	7,526	237
Income taxes	10	- 2,924	- 2,113	- 2,341	- 1,630	- 62
Net profit / loss		13,232	7,623	10,605	5,896	194
Attributable to minority interest		251	43	226	5	-
Attributable to shareholders of BMW AG		12,981	7,580	10,379	5,891	194
Basic earnings per share of common stock in €		19.63	11.49			
Basic earnings per share of preferred stock in €		19.64	11.50			
Dilutive effects		-	-			
Diluted earnings per share of common stock in €		19.63	11.49			
Diluted earnings per share of preferred stock in €		19.64	11.50			

¹ Additional information: not subject to external auditor review

² Includes administrative expenses amounting to € 2,062 million (2021: € 1,821 million).



INCOME STATEMENT FOR GROUP AND SEGMENTS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE

in € million	Note	Financial Services*		Other Entities*		Eliminations*
		2022	2021	2022	2021	2021
Revenues	06	17,251	16,106	3	2	-10,114
Cost of sales		-14,678	-13,572	-	-	9,747
Gross profit		2,573	2,534	3	2	-367
Selling and administrative expenses		-685	-621	-19	-29	18
Other operating income	07	104	15	11	24	-2
Other operating expenses	07	-44	-33	-169	-2	18
Profit / loss before financial result		1,948	1,895	-174	-5	-333
Result from equity accounted investments		-	-	-	-	-
Interest and similar income	08	1	1	571	447	-502
Interest and similar expenses	08	-3	-2	-604	-493	560
Other financial result	09	35	42	1,169	316	-
Financial result		33	41	1,136	270	58
Profit / loss before tax		1,981	1,936	962	265	-275
Income taxes	10	-361	-423	-174	-58	60
Net profit / loss		1,620	1,513	788	207	-215
Attributable to minority interest		25	38	-	-	-
Attributable to shareholders of BMW AG		1,595	1,475	788	207	-215
Basic earnings per share of common stock in €						
Basic earnings per share of preferred stock in €						
Dilutive effects						
Diluted earnings per share of common stock in €						
Diluted earnings per share of preferred stock in €						

* Additional information: not subject to external auditor review

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR GROUP FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE

in € million	2022	2021
Net profit / loss	13,232	7,623
Remeasurement of the net liability for defined benefit pension plans	781	839
Items not expected to be reclassified to the income statement in the future	781	839
Marketable securities (at fair value through other comprehensive income)	- 122	- 18
Derivative financial instruments	- 289	119
Costs of hedging	- 399	41
Other comprehensive income from equity accounted investments	- 83	55
Currency translation foreign operations	2,168	662
Items that can be reclassified to the income statement in the future	1,275	859
Other comprehensive income for the period after tax	2,056	1,698
Total comprehensive income	15,288	9,321
Total comprehensive income attributable to minority interest	309	43
Total comprehensive income attributable to shareholders of BMW AG	14,979	9,278

INCOME STATEMENT FOR GROUP AND SEGMENTS

FOR THE PERIOD FROM 1 APRIL TO 30 JUNE¹

in € million	Note	Group		Automotive		Motorcycles	
		2022	2021	2022	2021	2021	
Revenues	06	34,770	28,582	30,015	24,983	864	868
Cost of sales		-28,780	-22,521	-25,464	-20,344	-669	-659
Gross profit		5,990	6,061	4,551	4,639	195	209
Selling and administrative expenses		-2,493 ²	-2,049 ²	-2,065	-1,659	-71	-61
Other operating income	07	404	1,137	282	1,111	4	1
Other operating expenses	07	-475	-144	-305	-138	-1	-
Profit / loss before financial result		3,426	5,005	2,463	3,953	127	149
Result from equity accounted investments		-123	546	-123	546	-	-
Interest and similar income	08	89	35	139	63	1	-
Interest and similar expenses	08	138	-40	88	-74	-	-
Other financial result	09	399	433	-41	262	-	-
Financial result		503	974	63	797	1	-
Profit / loss before tax		3,929	5,979	2,526	4,750	128	149
Income taxes	10	-882	-1,189	-625	-947	-23	-29
Net profit / loss		3,047	4,790	1,901	3,803	105	120
Attributable to minority interest		207	21	194	2	-	-
Attributable to shareholders of BMW AG		2,840	4,769	1,707	3,801	105	120
Basic earnings per share of common stock in €		4.30	7.23				
Basic earnings per share of preferred stock in €		4.31	7.24				
Dilutive effects		-	-				
Diluted earnings per share of common stock in €		4.30	7.23				
Diluted earnings per share of preferred stock in €		4.31	7.24				

¹ Additional information: not subject to external auditor review

² Includes administrative expenses amounting to € 1,069 million (2021: € 890 million).



INCOME STATEMENT FOR GROUP AND SEGMENTS

FOR THE PERIOD FROM 1 APRIL TO 30 JUNE*

in € million	Note	Financial Services		Other Entities		Eliminations
		2022	2021	2022	2021	2021
Revenues	06	8,765	8,200	2	1	- 5,470
Cost of sales		- 7,489	- 6,750	-	-	5,232
Gross profit		1,276	1,450	2	1	- 238
Selling and administrative expenses		- 358	- 321	- 12	- 19	11
Other operating income	07	95	12	9	19	- 6
Other operating expenses	07	- 31	- 13	- 141	-	7
Profit / loss before financial result		982	1,128	- 142	1	- 226
Result from equity accounted investments		-	-	-	-	-
Interest and similar income	08	1	1	311	213	- 242
Interest and similar expenses	08	- 2	- 1	- 339	- 240	275
Other financial result	09	- 7	21	447	150	-
Financial result		- 8	21	419	123	33
Profit / loss before tax		974	1,149	277	124	- 193
Income taxes	10	- 178	- 228	- 52	- 25	40
Net profit / loss		796	921	225	99	- 153
Attributable to minority interest		13	19	-	-	-
Attributable to shareholders of BMW AG		783	902	225	99	- 153
Basic earnings per share of common stock in €						
Basic earnings per share of preferred stock in €						
Dilutive effects						
Diluted earnings per share of common stock in €						
Diluted earnings per share of preferred stock in €						

* Additional information: not subject to external auditor review

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR GROUP FOR THE PERIOD FROM 1 APRIL TO 30 JUNE*

in € million	2022	2021
Net profit / loss	3,047	4,790
Remeasurement of the net liability for defined benefit pension plans	660	423
Items not expected to be reclassified to the income statement in the future	660	423
Marketable securities (at fair value through other comprehensive income)	- 65	- 3
Derivative financial instruments	- 855	236
Costs of hedging	- 328	- 11
Other comprehensive income from equity accounted investments	-	6
Currency translation foreign operations	648	- 95
Items that can be reclassified to the income statement in the future	- 600	133
Other comprehensive income for the period after tax	60	556
Total comprehensive income	3,107	5,346
Total comprehensive income attributable to minority interest	158	21
Total comprehensive income attributable to shareholders of BMW AG	2,949	5,325

* Additional information: not subject to external auditor review

BALANCE SHEET FOR GROUP AND SEGMENTS

AT 30 JUNE 2022

in € million	Note	Group		Automotive *		Motorcycles *	
		30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
ASSETS							
Intangible assets	11	22,359	12,980	21,827	12,438	159	167
Property, plant and equipment	12	30,565	22,390	30,071	21,885	428	438
Leased products		44,892	44,700	-	-	-	-
Investments accounted for using the equity method		652	5,112	652	5,112	-	-
Other investments		1,319	1,241	7,669	6,061	-	-
Receivables from sales financing		52,662	51,712	-	-	-	-
Financial assets	13	2,190	1,715	1,010	577	-	-
Deferred tax		2,199	2,202	3,604	3,418	-	-
Other assets		1,398	1,302	2,207	2,057	29	30
Non-current assets		158,236	143,354	67,040	51,548	616	635
Inventories		20,638	15,928	19,646	14,868	655	656
Trade receivables		3,681	2,261	3,396	2,076	148	91
Receivables from sales financing		35,569	35,705	-	-	-	-
Financial assets	13	6,033	5,800	4,881	4,925	-	-
Current tax	14	933	1,529	415	300	-	-
Other assets		8,003	8,941	30,741	35,592	3	3
Cash and cash equivalents		22,241	16,009	18,355	12,009	27	9
Current assets		97,098	86,173	77,434	69,770	833	759
Total assets		255,334	229,527	144,474	121,318	1,449	1,394

BALANCE SHEET FOR GROUP AND SEGMENTS

AT 30 JUNE 2022

in € million	Note	Financial Services *		Other Entities *		Eliminations *	
		30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
ASSETS							
Intangible assets	11	372	374	1	1	-	-
Property, plant and equipment	12	66	67	-	-	-	-
Leased products		52,157	52,017	-	-	-7,265	-7,317
Investments accounted for using the equity method		-	-	-	-	-	-
Other investments		21	21	23,007	6,899	-29,378	-11,740
Receivables from sales financing		52,776	51,808	-	-	-114	-96
Financial assets	13	348	159	950	997	-118	-18
Deferred tax		634	618	62	39	-2,101	-1,873
Other assets		2,706	2,649	40,736	38,882	-44,280	-42,316
Non-current assets		109,080	107,713	64,756	46,818	-83,256	-63,360
Inventories		337	404	-	-	-	-
Trade receivables		137	94	-	-	-	-
Receivables from sales financing		35,569	35,705	-	-	-	-
Financial assets	13	499	542	655	520	-2	-187
Current tax	14	92	83	426	1,146	-	-
Other assets		5,076	5,425	54,392	56,589	-82,209	-88,668
Cash and cash equivalents		3,607	3,471	252	520	-	-
Current assets		45,317	45,724	55,725	58,775	-82,211	-88,855
Total assets		154,397	153,437	120,481	105,593	-165,467	-152,215



BALANCE SHEET FOR GROUP AND SEGMENTS

AT 30 JUNE 2022

in € million	Note	Group		Automotive *		Motorcycles *
		30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022
EQUITY AND LIABILITIES						
Subscribed capital	15	661	661			
Capital reserves		2,325	2,325			
Revenue reserves	15	80,482	71,705			
Accumulated other equity		601	- 325			
Equity attributable to shareholders of BMW AG	15	84,069	74,366			
Minority interest		5,263	766			
Equity		89,332	75,132	63,126	50,296	-
Pension provisions		310	1,247	162	1,073	11
Other provisions		8,606	7,206	8,414	6,944	98
Deferred tax		3,452	1,458	3,734	1,515	-
Financial liabilities	17	61,892	62,342	3,057	2,247	2
Other liabilities	18	6,599	5,676	7,615	6,739	597
Non-current provisions and liabilities		80,859	77,929	22,982	18,518	708
Other provisions		7,166	6,748	6,647	6,175	119
Current tax	16	1,669	921	963	700	-
Financial liabilities	17	44,076	41,121	2,680	1,462	-
Trade payables		13,310	10,932	12,030	9,650	386
Other liabilities	18	18,922	16,744	36,046	34,517	236
Current provisions and liabilities		85,143	76,466	58,366	52,504	741
Total equity and liabilities		255,334	229,527	144,474	121,318	1,449

* Additional information: not subject to external auditor review



BALANCE SHEET FOR GROUP AND SEGMENTS

AT 30 JUNE 2022

in € million	Note	Financial Services *		Other Entities *		Eliminations *	
		30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
EQUITY AND LIABILITIES							
Subscribed capital	15						
Capital reserves							
Revenue reserves	15						
Accumulated other equity							
Equity attributable to shareholders of BMW AG	15						
Minority interest							
Equity		17,989	17,324	43,792	25,264	- 35,575	- 17,752
Pension provisions		35	35	102	108	-	-
Other provisions		94	152	-	-	-	-
Deferred tax		3,372	3,426	141	88	- 3,795	- 3,571
Financial liabilities	17	18,962	18,909	39,989	41,202	- 118	- 18
Other liabilities	18	41,811	40,003	615	475	- 44,039	- 42,065
Non-current provisions and liabilities		64,274	62,525	40,847	41,873	- 47,952	- 45,654
Other provisions		396	460	4	4	-	-
Current tax	16	557	140	149	81	-	-
Financial liabilities	17	27,403	24,428	13,995	15,418	- 2	- 187
Trade payables		885	894	9	10	-	-
Other liabilities	18	42,893	47,666	21,685	22,943	- 81,938	- 88,622
Current provisions and liabilities		72,134	73,588	35,842	38,456	- 81,940	- 88,809
Total equity and liabilities		154,397	153,437	120,481	105,593	- 165,467	- 152,215

* Additional information: not subject to external auditor review

CONDENSED CASH FLOW STATEMENT FOR GROUP AND SEGMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE

in € million	Group		Automotive ¹		Financial Services ¹	
	2022	2021	2022	2021	2022	2021
Profit / loss before tax	16,156	9,736	12,946	7,526	1,981	1,936
Depreciation and amortisation of tangible, intangible and investment assets	3,932	3,098	3,867	3,019	15	19
Change in provisions	542	-1,327	751	-1,440	-131	-8
Change in leased products and receivables from sales financing	2,792	-762	-	-	3,070	-1,020
Changes in working capital	-586	728	-555	260	19	331
Other	-11,722 ²	-2,868	-11,332 ²	-2,114	445	501
Cash inflow / outflow from operating activities	11,114	8,605	5,677	7,251	5,399	1,759
Total investment in intangible assets and property, plant and equipment	-2,998	-2,360	-2,955	-2,294	-1	-2
Expenditure for acquisitions, net of cash acquired	3,587	-	5,011	-	-	-
Net investment in marketable securities and investment funds	64	-34	-36	-11	24	-28
Other	40	-52	37	-55	10	2
Cash inflow / outflow from investing activities	693	-2,446	2,057	-2,360	33	-28
Cash inflow / outflow from financing activities	-5,979	-5,357	-1,657	-3,182	-5,407	-2,005
Effect of exchange rate on cash and cash equivalents	404	-87	269	-48	111	-24
Change in cash and cash equivalents	6,232	715	6,346	1,661	136	-298
Cash and cash equivalents as at 1 January	16,009	13,537	12,009	9,522	3,471	2,863
Cash and cash equivalents as at 30 June	22,241	14,252	18,355	11,183	3,607	2,565

¹ Additional information: not subject to external auditor review

² Includes the elimination of the non-cash revaluation effect of the investment in BMW Brilliance amounting to € 7,649 million.

STATEMENT OF CHANGES IN GROUP EQUITY

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves
1 January 2022	15	661	2,325	71,705
Net profit		-	-	12,981
Other comprehensive income for the period after tax		-	-	781
Comprehensive income at 30 June 2022		-	-	13,762
Dividend payments		-	-	- 3,827
Other changes		-	-	- 1,158
30 June 2022	15	661	2,325	80,482

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves
1 January 2021	15	660	2,199	59,550
Net profit		-	-	7,580
Other comprehensive income for the period after tax		-	-	839
Comprehensive income at 30 June 2021		-	-	8,419
Dividend payments		-	-	- 1,257
Other changes		-	-	30
30 June 2021	15	660	2,199	66,742



STATEMENT OF CHANGES IN GROUP EQUITY

in € million	Note	Accumulated other equity					Equity attributable to shareholders of BMW AG	Minority interest	Total
		Translation differences	Marketable Securities	Derivative financial instruments	Costs of hedging				
1 January 2022	15	- 438	2	362	- 251	74,366	766	75,132	
Net profit		-	-	-	-	12,981	251	13,232	
Other comprehensive income for the period after tax		1,612	- 122	- 15	- 258	1,998	58	2,056	
Comprehensive income at 30 June 2022		1,612	- 122	- 15	- 258	14,979	309	15,288	
Dividend payments		-	-	-	-	- 3,827	- 11	- 3,838	
Other changes		-	-	- 291	-	- 1,449	4,199	2,750	
30 June 2022	15	1,174	- 120	56	- 509	84,069	5,263	89,332	

in € million	Note	Accumulated other equity					Equity attributable to shareholders of BMW AG	Minority interest	Total
		Translation differences	Marketable Securities	Derivative financial instruments	Costs of hedging				
1 January 2021	15	- 2,156	34	868	- 264	60,891	629	61,520	
Net profit		-	-	-	-	7,580	43	7,623	
Other comprehensive income for the period after tax		842	- 18	- 14	49	1,698	-	1,698	
Comprehensive income at 30 June 2021		842	- 18	- 14	49	9,278	43	9,321	
Dividend payments		-	-	-	-	- 1,257	- 23	- 1,280	
Other changes		-	-	- 83	-	- 53	29	- 24	
30 June 2021	15	- 1,314	16	771	- 215	68,859	678	69,537	

**44 Accounting principles and policies
Principles and Policies**

 49 Notes to the income statement

 52 Explanatory notes to the balance
sheet Balance Sheet

 55 Other disclosures

 66 Segment information

NOTES TO THE GROUP FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES AND POLICIES

01 Basis of preparation

The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft (BMW Group Financial Statements or Group Financial Statements) at 31 December 2021 were drawn up in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and the supplementary requirements of § 315e (1) of the German Commercial Code (HGB). The Interim Group Financial Statements (Interim Report) at 30 June 2022, which have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting), have been drawn up using, in all material respects, the same accounting methods as those utilised in the 2021 Group Financial Statements. The BMW Group applies the option of publishing condensed group financial statements. All Interpretations issued by the IFRS Interpretations Committee which are mandatory at 30 June 2022 have been applied. The Interim Report also complies with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC).

The reporting period for these Interim Group Financial Statements in accordance with IAS 34 is the six-month period from 1 January 2022 to 30 June 2022. In addition, the income statement and statement of comprehensive income as well as the notes disclosures for the period from 1 April to 30 June 2022 are presented for informational purposes, but were not within the scope of the external auditor's review.

Further information regarding the Group's accounting principles and policies is contained in the notes to the Group Financial Statements within the BMW Group Report 2021.

The Group currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise. Detailed information on foreign currency translation is provided in [note \[04\]](#) to the Group Financial Statements within the BMW Group Report 2021.

Key figures presented in the report have been rounded in accordance with standard commercial practise. In certain cases, this may mean that values do not add up exactly to the stated total and that percentages cannot be derived from the values shown.

The income statement for the BMW Group and segments is presented using the cost of sales method.

In order to provide a better insight into the results of operations, financial position and net assets of the BMW Group, and going beyond the requirements of IFRS 8 (Operating Segments), the Group Financial Statements also include an income statement and a balance sheet for the Automotive, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by a statement of cash flows for the Automotive and Financial Services segments. Inter-segment transactions relate primarily to internal sales of products, the provision of funds for Group companies and the related interest. These items are eliminated on consolidation. More detailed information regarding the allocation of activities of the BMW Group to segments and a description of the segments is provided in the explanatory notes to segment information in the BMW Group Report 2021.

44 Accounting principles and policies Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

The Interim Group Financial Statements at 30 June 2022 have been reviewed by the Group auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich office.

02 Group reporting entity

The BMW Group Financial Statements to 30 June 2022 include BMW AG and all material subsidiaries over which BMW AG – either directly or indirectly – exercises control. This also includes 58 structured entities, consisting of asset-backed financing arrangements and special purpose funds.

The following changes took place in the Group reporting entity during the first six months of 2022:

	Germany	Foreign	Total
Included at 31 December 2021	20	185	205
Included for the first time in 2022	-	10	10
No longer included in 2022	-	10	10
Included at 30 June 2022	20	185	205

BMW Brilliance Automotive Ltd. (BMW Brilliance) has been fully consolidated for the first time with effect from February 11, 2022. Detailed information is provided in [note \[03\]](#).

YOUR NOW Holding GmbH, a joint venture of the BMW Group and Mercedes-Benz Group AG, entered into an agreement with the Stellantis Group on 29 April 2022 relating to the sale of SHARE NOW GmbH. The sale was initially subject to the approval of the relevant authorities. Following receipt of regulatory approval, the sale was completed on 15 July 2022.

IONITY Holding GmbH & Co. KG signed a contract with GRP III HPC Lux Sàrl (Blackrock) on 12 November 2021 for the provision of financing amounting to € 500 million to expand the charging network. The existing shareholders are also investing an additional € 200 million in the business. The contributions are to be made in several tranches. Following receipt of regulatory approval, the transaction was completed on 28 April 2022. The impact of the two transactions is not material.

All other changes to the Group reporting entity are not significant in terms of the results of operations, financial position and net assets of the Group.

03 Increased shareholding in BMW Brilliance Automotive Ltd.

On 11 February 2022, via the Group company BMW Holding B.V., the BMW Group increased its shareholding in the BMW Brilliance joint venture from 50 % to 75 % with the acquisition of a further 25 % of BMW Brilliance's shares. On 11 October 2018, the BMW Group signed an agreement with its joint venture partner, a wholly owned subsidiary of Brilliance China Automotive Holdings Ltd. (CBA), to acquire these shares. The agreement was approved at the CBA shareholders' meeting on 18 January 2019.

The previous joint venture requirement in China came to an end with effect from 1 January 2022. The new joint venture agreement came into force and the formal transfer of shares was completed on 11 February 2022, following the issuance of a new business license. Since that date, the BMW Group has held a 75 % majority of the voting rights, which now gives it control over BMW Brilliance, which has therefore been fully consolidated as a subsidiary in the BMW Group Financial Statements with effect from 11 February 2022. The contractual term of the joint venture, which previously ran until 2028, has been extended to 2040. BMW Brilliance manufactures BMW brand models primarily for the Chinese market at its two vehicle production plants as well as petrol engines and high-voltage batteries at a separate facility.

44 Accounting principles and policies Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance sheet Balance Sheet

55 Other disclosures

66 Segment information

The strategic objectives of the acquisition are to further bolster the BMW Group's long-term collaboration with a partner in China, expand production capacities at the existing locations in Shenyang, and systematically increase the local production of further models, including New Energy Vehicles.

The consideration paid for the additional 25 % stake totalled CNY 27,941 million. Converted and including hedging effects, the purchase price amounted to € 3,735 million, which was settled entirely in cash. Cash and cash equivalents acquired totalled € 8,746 million. Overall, therefore, the cash flow statement for the Automotive segment shows a cash inflow from acquisitions (part of the cash inflow / outflow from investing activities) amounting to € 5,011 million. After deducting intragroup cash and cash equivalents, the cash flow statement for the BMW Group shows a cash inflow from acquisitions (part of the cash inflow / outflow from investing activities) amounting to € 3,587 million. Intragroup cash and cash equivalents relate to cash deposits made by BMW Brilliance with the Group's financial services companies in China.

As the BMW Group already held 50 % of the shares in BMW Brilliance prior to the acquisition, the transaction constitutes a business combination achieved in stages (step acquisition).

In this context, the Group's 50 % shareholding in BMW Brilliance at the acquisition date has been measured at its fair value, which has been provisionally calculated at € 12,341 million. The remeasurement gain of € 7,649 million has been recognised on the line item "Result on investments" within the other financial result.

The assets acquired and liabilities assumed in conjunction with the business combination are required to be identified and measured at their fair value. The fair values of the main groups of assets and liabilities are shown in the following table:

	in € million
Reacquired rights	7,781
Dealership relationships	520
Other intangible assets	48
Property, plant and equipment	6,437
Right-of-use assets from leases	635
Inventories	4,282
Trade receivables	1,069
Other assets	2,930
Cash and cash equivalents	8,746
Provisions	- 990
Trade payables	- 3,945
Other liabilities	- 6,243
Deferred taxes	- 1,430
Net Identified assets acquired	19,839

Reacquired rights and dealership relationships identified in conjunction with the business combination have been recognised as intangible assets. Reacquired rights have been recognised as a separate intangible asset if they were contractually granted to Brilliance before control was obtained by the BMW Group. More specifically, they relate to rights granted by the BMW Group to the BMW Brilliance joint venture prior to the acquisition allowing the latter to use specified vehicle production technologies and trademark rights.

These acquired intangible assets have a useful life of 6 to 7 years. Other fair value adjustments have also been recognised, mainly for property, plant and equipment and inventories.

44 Accounting principles and policies Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

The remaining difference of € 1,197 million between the consideration transferred for 25 % of the shares and the previously held shares measured at fair value on the one hand and the Group's share of identifiable net assets acquired on the other has been recognised as goodwill. This essentially represents synergy benefits, given that the fair value of the reacquired rights already takes potential excess returns into account. The acquisition did not give rise to any goodwill that is deductible for tax purposes. Goodwill has been allocated in full to the new BMW Brilliance cash-generating unit within the Automotive segment.

The gross amount of acquired receivables corresponds to their fair value.

The remaining non-controlling interest of 25 % held by other shareholders is measured on the basis of their proportionate share of identifiable net assets. Equity attributable to minority interests therefore amounted to € 4,960 million.

More detailed valuations were performed during the second quarter for the purposes of the purchase price allocation, whereby the adjustments arising compared with the first quarter were not material. The purchase price allocation is still being finalised, so that further adjustments may arise over the course of the remainder of the year.

Since the date of first-time consolidation, revenues and profit after tax amounting to € 10,940 million and € 818 million respectively relate to BMW Brilliance. The figure reported for profit after tax also includes depreciation and amortisation arising on the purchase price allocation as well as intragroup eliminations attributable to BMW Brilliance. It does not, however, include the elimination of intragroup profits arising at other companies.

If BMW Brilliance had been fully included in the consolidated financial statements with effect from 1 January 2022, Group revenues and profit after tax for the six-month period would have amounted to € 68,823 million and € 13,399 million respectively.

Following the business combination, minority interests in the equity capital of BMW Automotive Finance (China) Co. Ltd. and Herald International Financial Leasing Co., Ltd. changed to 10.5 % in each case (previously 21 %). As the two entities were already included in the Group Financial Statements as subsidiaries, the change has been recognised through Group equity without any impact on profit or loss.

04 Financial reporting rules

a No significant new Standards or revised Standards were applied by the BMW Group for the first time in the first six months of the current financial year.

b Other financial reporting standards issued by the IASB and not yet applied are not expected to have any significant impact on the BMW Group Financial Statements. With regard to the first-time application of IFRS 17, please see the comments in the BMW Group Financial Statements for the year ended 31 December 2021.

05 Other significant events during the first half of the financial year 2022

Impairment tests

An indication of the potential impairment of tangible and intangible assets was identified in the quarter ended 30 June 2022, in particular due to the fact that the Group's market capitalisation is currently lower than its total equity value. As a result, impairment tests were performed for the cash-generating units Automotive excluding BMW Brilliance, BMW Brilliance, Motorcycles and Financial Services. Following the acquisition of additional shares, BMW Brilliance is now treated as a separate cash-generating unit. The previous Automotive cash-generating unit remains unchanged.

A detailed description of impairment test procedures is provided in [note \[06\]](#) to the BMW Group Report 2021. Due to the proximity of the reporting date to the acquisition date, the fair value less costs to sell has been determined directly for the BMW Brilliance cash-generating unit.

44 Accounting principles and policies Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

The resulting measurement differs from the value in use only with respect to the length of the detailed forecasting period and the consideration of the costs of disposal.

The following discount rates were applied to measure the relevant values:

in %	2022	2021
Automotive excluding BMW Brilliance	11.1	10.1
BMW Brilliance	10.7	-
Motorcycles	11.1	10.1
Financial Services	14.0	13.0

No impairment loss was recognised for any of the cash-generating units. Sensitivity analyses showed no need to recognise an impairment loss even in the event of a significant deterioration in the measurement parameters. The sensitivity analysis for the BMW Brilliance cash-generating unit showed that an impairment loss would not require to be recognised even if the cost of capital were to increase by 6.5 percentage points and cash flows during the detailed forecasting period for the next few years were to deteriorate by 50 %.

Russia-Ukraine war

Major uncertainties remained at the end of the first half of 2022 with respect to the ongoing war in Ukraine. The sanctions imposed and the countermeasures taken in this context significantly restrict economic activities with Russia and also have an impact on the Russian companies of the BMW Group.

In connection with the Russia-Ukraine war, allowances for expected credit losses on receivables from sales financing have been increased in the second quarter to take account of the negative impact on the retail customer business, to the extent not covered by the BMW Group's standard loss provisioning models (post-model adjustments).

The restrictions currently in place for payments mean that transfers of liquid funds from Russia are limited. Developments in this area will be reviewed regularly by the BMW Group in subsequent quarters. In total, the Russian companies hold around 4 % of the BMW Group's cash and cash equivalents.

Current restrictions on transfers from Russia means that the credit default risk vis-à-vis Russian companies is elevated. For this reason, valuation allowances have been recognised on receivables from companies based in Russia.

For a certain number of vehicles sold on the Russian market, warranty arrangements give rise to a repurchase obligation. In accordance with IFRS 15, this obligation has been recognised as a reduction of revenue in the period ended 30 June 2022.

For inventory valuation purposes, write-downs were recognised on vehicles and parts destined for the Russian market.

The Russia-Ukraine war also had an impact on foreign exchange markets, causing heightened volatility of the Russian rouble (RUB) during the first half of the year. A closing rate of RUB 56,592 has been applied at 30 June 2022. The BMW Group has been able to execute transactions at this rate. Compared to the exchange rate at 31 December 2021 (RUB 85,2347), the value of assets has appreciated. If the previous year's exchange rate had been applied at 30 June 2022, total assets would have been 0.3 % lower.

Overall, the effects described above as a consequence of the war in Ukraine have so far had a negative impact on the BMW Group's earnings in the mid-three-digit million range.

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

NOTES TO THE INCOME STATEMENT

06 Revenues

Revenues by activity comprise the following:

in € million	2nd quarter 2022 *	2nd quarter 2021	1 January to 30 June 2022	1 January to 30 June 2021
Sales of products and related goods	25,874	20,099	48,311	38,697
Sales of products previously leased to customers	3,825	3,494	7,440	6,743
Income from lease instalments	2,996	2,828	5,949	5,646
Interest income on loan financing and finance leases	995	898	1,966	1,796
Revenues from service contracts, telematics and roadside assistance	771	658	1,489	1,307
Other income	309	605	757	1,171
Revenues	34,770	28,582	65,912	55,360

Revenues recognised from contracts with customers in accordance with IFRS 15 totalled € 57,898 million (2021: € 47,827 million).

An analysis of revenues by segment is shown in the segment information in [note \[24\]](#). Revenues from the sale of products and related goods are generated primarily in the Automotive segment and, to a lesser extent, in the Motorcycles segment. Revenues from the sales of products previously leased to customers, income from lease instalments and interest income on loan financing are allocated to the Financial Services segment. Other income relates mainly to the Automotive segment and the Financial Services segment.

Interest income on loan financing and finance leases includes interest calculated on the basis of the effective interest method totalling € 1,780 million (2021: € 1,657 million). This interest income is not reported separately in the income statement as it is not significant compared to total Group revenues.

07 Other operating income and expenses

These line items principally include exchange gains and losses, gains and losses on the disposal of assets, impairment losses, as well as income / expense from the reversal of and allocation to provisions, including provisions for ongoing legal disputes, legal disputes that have been concluded and other legal risks.

In 2019, a provision of approximately € 1.4 billion was recognised in connection with EU Commission anti-trust proceedings which resulted in an increase in other operating expenses in the financial year 2019 (see also [note \[10\]](#) to the BMW Group Financial Statements for the financial year 2019). In this antitrust investigation, the EU Commission had alleged that five German car manufacturers colluded with the aim of restricting competition for innovation with regards to certain exhaust treatment systems for petrol- and diesel-driven passenger vehicles. The investigation was solely concerned with possible infringements of competition law. There were no allegations that the BMW Group conducted a deliberate and

* Additional information: not subject to external auditor review

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

unlawful manipulation of the emissions control system. On the basis of BMW AG's detailed submissions, the EU Commission dropped most of its charges. The proceedings were settled on 8 July 2021, and a fine amounting to approximately € 373 million was issued. In the opinion of the EU Commission, the carmakers concerned – within the framework of what was actually legitimate technical cooperation in the development of SCR technology (SCR: selective catalytic reduction) – created an undue degree of transparency with regard to the sizes of their AdBlue tanks, the range that can be achieved with a full tank and the assumed average AdBlue consumption, thereby violating EU competition law. The amount of the provision exceeding the fine was reversed with income statement effect in 2021. The fine was paid in July 2021, thereby concluding the EU Commission's proceedings.

08 Net interest result

in € million	2nd quarter 2022 *	2nd quarter 2021	1 January to 30 June 2022	1 January to 30 June 2021
Other interest and similar income	89	35	170	59
thereof from subsidiaries	5	3	11	5
Interest and similar income	89	35	170	59
Net interest impact relating to other non-current provisions	207	11	218	13
Net interest expense on the net defined benefit liability for pension plans	-2	-5	-5	-11
Other interest and similar expenses	-67	-46	-111	-97
thereof to subsidiaries	-	-	-	-
Interest and similar expenses	138	-40	102	-95
Net interest result	227	-5	272	-36

* Additional information: not subject to external auditor review

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

Interest expense from unwinding the discounting of other non-current provisions on the one hand and interest income from adjusting the discount rate on the other are netted and, as in previous years, reported as a net interest effect within interest expense.

In the six-month period under report, steepening yield curves had a positive impact on the discount unwinding result.

09 Other financial result

Other financial result developed as follows:

in € million	2nd quarter 2022 *	2nd quarter 2021	1 January to 30 June 2022	1 January to 30 June 2021
Result on investments	3	322	7,784	509
Sundry other financial result	396	111	1,146	258
Other financial result	399	433	8,930	767

In the current financial year, the main item affecting the result from investments was the remeasurement of the investment in BMW Brilliance (see [note \[03\]](#)). In the previous year, the main driver of the result from investments was the positive impact of revaluations of investments included in the iVentures fund.

The improvement in the sundry other financial result was mainly due to changes in the fair value of stand-alone derivatives.

10 Income taxes

The effective tax rate for the six-month period to 30 June 2022 was 18.1% (2021: 21.7%) and corresponds to the best estimate of the weighted average annual income tax rate for the full year. This tax rate has been applied to the pre-tax profit for the period under report.

The decrease in the effective tax rate was mainly attributable to the effect of the tax-exempt gain on the remeasurement of the investment in BMW Brilliance (see [note \[03\]](#)).

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

EXPLANATORY NOTES TO THE BALANCE SHEET

11 Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle, module and architecture projects as well as rights reacquired in conjunction with a business acquisition. Also included are subsidies for tool costs, licences, purchased development projects, emission allowances, software and purchased customer bases.

in € million	30.6.2022	31.12.2021
Development costs	11,387	11,573
Goodwill	1,627	380
thereof allocated to the Automotive (excluding BMW Brilliance) CGU	33	33
thereof allocated to the BMW Brilliance CGU	1,247	-
thereof allocated to the Financial Services CGU	347	347
Other intangible assets	9,345	1,027
Intangible assets	22,359	12,980

Intangible assets developed during the first six months of the year as follows:

in € million	2022	2021
Development costs		
Additions	855	734
Amortisation	1,041	897
Other intangible assets		
Additions	162	99
Additions arising on business acquisitions	8,349	-
Amortisation	568	100

Further information on additions arising on business acquisitions is provided in [note \[03\]](#).

12 Property, plant and equipment (including right-of-use assets from leases)

Property, plant and equipment developed during the first six months as follows:

in € million	2022	2021
Additions	2,767	1,610
Additions arising on business acquisitions	7,072	-
Depreciation	2,323	2,108
Disposals	30	76

Purchase commitments for property, plant and equipment (excluding right-of-use assets from leases) totalled € 5,819 million (31 December 2021: € 3,350 million).

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

The ongoing transformation towards electric mobility and the associated short- and medium-term impact on the product portfolio require a regular review of the useful lives of items of property, plant and equipment subject to systematic depreciation. Some useful lives were revised during the first half of the year and extended accordingly.

13 Financial assets

Financial assets comprise:

in € million	30.6.2022	31.12.2021
Marketable securities and investment funds	3,967	4,243
Derivative instruments	3,505	2,998
Loans to third parties	55	58
Other	696	216
Financial assets	8,223	7,515

14 Income tax assets

Current income taxes amounting to € 933 million (31 December 2021: € 1,529 million) include € 70 million (31 December 2021: € 19 million) that is expected to be settled after more than twelve months. Claims may be settled earlier than this depending on the timing of the underlying proceedings.

15 Equity

The Group Statement of Changes in Equity is shown on [page 42 et seq.](#)

Subscribed capital

The number of shares of common stock issued by BMW AG at 30 June 2022 was 601,995,196 shares, each with a par value of € 1, unchanged from 31 December 2021. The number of shares of preferred stock at that date was 59,404,304 shares, each with a par value of € 1, unchanged from 31 December 2021. Unlike the common stock, no voting rights are attached to the preferred stock.

Subscribed capital therefore stood at € 661 million at the end of the reporting period, unchanged from 31 December 2021. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of € 0.02 per share.

The shareholders passed a resolution at the 2019 Annual General Meeting authorising the Board of Management, with the approval of the Supervisory Board, to increase the Company's share capital by up to € 5 million prior to 15 May 2024 by the issuance of new shares of non-voting preferred stock, carrying the same rights as existing non-voting preferred stock, in return for cash contributions. So far, 3,277,400 shares of preferred stock have been issued on the basis of this authorisation. The number of authorised shares and the amount of authorised capital at the level of BMW AG are therefore 1.7 million shares and € 1.7 million respectively. The BMW Group did not hold any treasury shares at 30 June 2022.

Revenue reserves

In the second quarter 2022, BMW AG paid the dividend for the financial year 2021 amounting to € 3,491 million for common stock and € 336 million for preferred stock.

BMW AG has resolved a share buy-back programme on the basis of the authorisation granted by the Annual General Meeting held on 11 May 2022. The programme has a volume of up to € 2.0 billion (total purchase price excluding incidental acquisition costs), comprising up to € 1.85 billion for shares of common stock and up to € 0.15 billion for shares of preferred stock.

The programme started in July 2022 and is scheduled to be completed by 31 December 2023 at the latest.

Other changes to revenue reserves resulted primarily in conjunction with the change in the amount of investments in the financial services companies in China which had already been fully consolidated prior to the acquisition of BMW Brilliance (see [note \[03\]](#)).

44 Accounting principles and policies

Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance sheet Balance Sheet

55 Other disclosures

66 Segment information

16 Income tax liabilities

Current income taxes amounting to € 1,669 million (31 December 2021: € 921 million) include liabilities of € 26 million (31 December 2021: € 44 million), which are expected to be settled after more than twelve months. Liabilities may be settled earlier than this depending on the timing of the underlying proceedings.

Current income tax liabilities comprise € 555 million (31 December 2021: € 270 million) for taxes payable and € 1,114 million (31 December 2021: € 651 million) for tax provisions.

17 Financial liabilities

Financial liabilities of the BMW Group comprise the following:

in € million	30.6.2022	31.12.2021
Bonds	48,251	51,498
Asset-backed financing transactions	22,141	19,362
Liabilities from customer deposits (banking)	16,512	16,702
Liabilities to banks	8,488	9,079
Derivative instruments	5,503	1,875
Lease liabilities	2,593	2,420
Commercial paper	1,462	1,374
Other	1,018	1,153
Financial liabilities	105,968	103,463

In the first half of the year, bonds totalling approximately € 4.5 billion were issued, comprising a euro benchmark bond, a US dollar-denominated 144A bond and a Panda bond in China. In addition, ABS transactions were also issued or prolonged in the USA, Germany, the UK, China and Canada with a total financing volume of approximately € 7.8 billion.

18 Other liabilities

Other liabilities include contract liabilities relating to contracts with customers amounting to € 7,408 million (31 December 2021: € 5,955 million). The liabilities relate mainly to service and repair work as well as telematics services and roadside assistance agreed to be part of the sale of a vehicle (in some cases multi-component arrangements).

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

OTHER DISCLOSURES

19 Research and development expenses

Research and development expenses were as follows:

in € million	2nd quarter 2022 *	2nd quarter 2021	1 January to 30 June 2022	1 January to 30 June 2021
Research and development expenditure	1,551	1,287	2,942	2,574
Amortisation	523	460	1,041	897
New expenditure for capitalised development costs	- 514	- 443	- 855	- 734
Research and development expenses	1,560	1,304	3,128	2,737

20 Contingent liabilities

The following contingent liabilities existed at the balance sheet date:

in € million	30.6.2022	31.12.2021
Litigation	88	131
Investment subsidies	65	56
Guarantees	36	77
Other	1,375	1,202
Contingent liabilities	1,564	1,466

Other contingent liabilities comprise mainly risks relating to taxes and customs.

The BMW Group determines its best estimate of contingent liabilities on the basis of the information available at the date of preparation of the Group Financial Statements. This assessment may change over time and is adjusted regularly on the basis of new information and circumstances. A part of the risks is covered by insurance.

The EU Commission's antitrust proceedings (see [7 note \[07\]](#)) were settled on 8 July 2021. In relation to these allegations, numerous class action lawsuits have been brought in the USA and Canada as well as several private lawsuits in South Korea. In the USA, the customer class actions were withdrawn and the dealer class action was dismissed. The class action lawsuits in Canada and the private lawsuits in South Korea remain at an early stage. Further civil lawsuits based on the allegations are possible going forward. In addition, the Chinese State Administration for Market Regulation opened respective antitrust proceedings against BMW AG in March 2019. Possible risks for the BMW Group in connection with the antitrust proceedings cannot be currently foreseen, neither in terms of their outcome nor the amounts involved. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Regulatory authorities have ordered the BMW Group to recall various vehicle models in conjunction with airbags supplied by the Takata group of companies. Provision for the costs involved has been recognised within warranty provisions. In addition to the risks already covered by warranty provisions, it cannot be ruled out that further vehicles of the BMW Group will be affected by future recall actions. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

* Additional information: not subject to external auditor review

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

On 22 January 2020, the U.S. Securities and Exchange Commission (SEC) opened an investigation into possible violations of U.S. securities laws by the BMW Group relating to disclosures regarding the BMW Group's unit sales of new vehicles. This matter was settled with the SEC, without admitting or denying the allegations, and the BMW Group consented to the entry of an Order finding violations of the U. S. Securities Act and agreed to pay a penalty of \$18 million. Certain BMW Group entities and their officers are defendants in private securities litigation following the SEC Order. Plaintiffs voluntarily dismissed the individual defendants without prejudice. The remaining parties have entered into an agreement in principle to settle the action for a settlement amount of US \$ 1.75 million, subject to court approval. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Several BMW Group entities are facing a number of diesel emissions-related court claims in England. The claimants intend to apply for a group litigation order. Given that the BMW Group entities have not yet received the particulars of claim, the probability, amount or timing of any liability is not practical to be estimated at present.

In March 2022, the European Commission (EC) conducted inspections at the premises of automobile manufacturers and associations located in several member states. In parallel, the EC sent out formal requests for information to several automobile manufacturers, including BMW AG. The inspections and requests for information concern possible collusion in relation to the collection, treatment and recovery of end-of-life vehicles and light commercial vehicles. The inspections were conducted in coordination with the UK Competition and Markets Authority, which has initiated formal proceedings in respect of the UK market. Appropriate risk provisions were recognised in the second quarter in connection with these investigations. Due to the early stage of the investigations, further risks for the BMW Group in connection with the proceedings of the two authorities cannot be quantified at present. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Following a request for legal assistance from the Korean authorities in 2020 in connection with leaks in exhaust gas recirculation modules in BMW Group vehicles, the Munich public prosecutor's office initiated an investigation and searched BMW Group offices in Munich and Steyr in June 2022. The ongoing investigations by the authorities have never referred to the allegation of the use of illegal defeat devices. This was also not the subject of the search conducted in June 2022. Potential risks for the BMW Group cannot be quantified at the present time. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

21 Financial instruments

Information is provided in [note \[06\]](#) and [note \[39\]](#) to the Group Financial Statements within the BMW Group Report 2021 regarding the recognition and measurement of financial instruments.

Disclosures relating to financial instruments measured at amortised cost

The following table shows the fair values and carrying amounts of financial assets and liabilities that are measured at amortised cost and whose carrying amounts differ from their fair value.

in € million	30.6.2022		31.12.2021	
	Fair value	Carrying amount	Fair value	Carrying amount
Receivables from sales financing – credit financing	67,306	65,524	67,158	64,795
Receivables from sales financings – finance and operating leases	24,185	22,707	24,675	22,622
Financial assets – marketable securities and investment funds	-	-	20	20
Financial liabilities				
Bonds	49,540	48,251	53,022	51,498
Asset backed financing transactions	22,031	22,141	19,602	19,362
Liabilities from customer deposits (banking)	16,222	16,512	16,732	16,702
Liabilities to banks	8,600	8,488	9,177	9,079

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

The fair values are generally determined using the discounted cash flow method, taking into account the relevant risk of default. For the purposes of fair value measurement using the discounted cash flow method, expected future cash flows are discounted on the basis of up-to-date interest curves observable on the market.

The fair values of receivables from sales financing are measured using the discounted cash flow method, taking into account customer-specific credit risk. In view of the fact that these allowances are calculated in part on the basis of internal information, receivables from sales financing are allocated to Level 3 in the level hierarchy in accordance with IFRS 13. The fair values of the financial assets shown in the table relate to financial institutions and are also measured using the discounted cash flow method, taking into account the risk of default. Since the entities concerned are financial institutions whose default risk is observable on the market, the fair values of the relevant financial assets are therefore required to be allocated to Level 2. All of the financial institutions concerned have excellent credit ratings and the default risk is therefore low.

In the case of financial liabilities, own credit risk is taken into account based on credit default swaps available on the market, so that the fair values of these items are also allocated to Level 2.

For all other financial instruments not listed here that are measured at amortised cost, the carrying amount corresponds to the fair value. For this reason, they are not presented separately.

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

Disclosures relating to financial instruments measured at fair value

The carrying amounts of financial instruments measured at fair value are allocated to the measurement levels pursuant to IFRS 13 as follows:

in € million	30.6.2022			31.12.2021		
	Level hierarchy in accordance with IFRS 13			Level hierarchy in accordance with IFRS 13		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Marketable securities, investment funds and collateral receivables	3,684	283	-	3,675	548	-
Other investments	145	-	851	223	-	724
Cash equivalents	6	-	-	26	-	-
Loans to third parties	-	-	13	-	-	23
Derivative instruments (assets)						
Interest rate risk	-	1,599	-	-	1,373	-
Currency risk	-	555	-	-	466	-
Raw material market price risk	-	1,349	-	-	1,092	67
Other risks	-	-	2	-	-	-
Derivative instruments (liabilities)						
Interest rate risk	-	2,355	-	-	729	-
Currency risk	-	2,806	-	-	1,045	-
Raw material market price risk	-	342	-	-	101	-

As a general rule, any transfers between fair-value hierarchy levels are made at the end of the relevant reporting period. At 30 June 2022, derivatives used to hedge raw material market price risks with a fair value of € 71 million were reclassified from Level 3 to Level 2. For these selected derivatives, sufficient observable market data are now available for valuation purposes due to greatly improved market maturity. As in previous reporting periods, the valuation methodology applied is in line with the general valuation principles for derivatives used within the treasury management system of the BMW Group.

In the previous financial year, equity instruments amounting to € 49 million were reclassified from Level 3 to Level 1, due to the fact that quoted market prices became available for the instruments concerned for the first time.

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

Financial instruments classified to Level 3 and measured at fair value comprise the following:

in € million	Fair value 30.6.2022	Fair value 31.12.2021
Unquoted equity instruments	851	724
Convertible bonds	13	23
Options on unquoted equity instruments	2	-
Derivative instruments	-	67

Financial instruments allocated to Level 3 relate mainly to investments in a private-equity fund. The valuation of unlisted equity instruments is determined primarily using the market-based approach. In particular, the financing rounds that take place within the private equity sector – usually on a regular basis at intervals of approximately 12 to 24 months – represent a significant input factor for these purposes. In addition, the investment advisor provides the external fund manager with relevant, investment-specific information on an ongoing basis (at least quarterly). The latter subsequently assesses the underlying individual companies in accordance with the guidelines for International Private Equity and Venture Capital Valuations (IPEV).

As part of the process of analysing valuations, the external fund manager reviews the investment-specific milestones, including an analysis of financial, technical and liquidity-specific performance indicators. Based on this analysis, it is considered whether the price of the most recent financing round is acceptable as a reasonable market valuation, in particular for early-stage or growth-phase investments. Key performance indicators used for the purpose of milestone analysis are highly dependent on the business model underlying the investment; typical technical key performance indicators relate to licenses and patents held, the stage of technology development such as evidence of feasibility and prototypes, market entries, customer and user growth and appointments to key management positions. Key financial performance indicators

used are revenues, EBITDA and the corresponding growth rate and / or development of specific contribution margins. Key liquidity-specific performance indicators are cash on hand, cash burn rates and prospects for future financing rounds.

Since the pricing of equity investments held after financing rounds is considered to be the key input factor for their valuation, increases or decreases in valuation arising in this context are recognised on the same basis with income statement effect.

In addition, equity instruments that are held outside the private equity fund are measured using the income approach. This involves discounting cash flows on the basis of current business cases using the weighted average cost of capital to determine the fair value of the financial instrument. Changes in fair values determined in connection with adjustments to significant input factors are not material for the BMW Group.

The convertible bonds that have been classified to Level 3 are primarily used as instruments in advance of future financing rounds relating to private equity investments. Valuations are therefore performed in accordance with the International Private Equity and Venture Capital Valuation (IPEV) guidelines. Mandatory conversions are usually structured in such a way that the number of shares to be received depends on the future share price. Due to the generally short maturities, the instruments are subject to only insignificant fluctuations in value. Irrespective of this fact, impairment tests are performed at regular intervals.

The exercise price for share options in such companies is generally low, verging towards zero. Consequently, financing rounds have a direct impact on the fair value of the options. In this respect, they are valued and their impact to sensitivity accounted for in a similar way to the unquoted equity instruments described above.

Due to the low level of market maturity, it was not always possible in the past to obtain all the data required to value derivative instruments employed as hedges of raw materials price risks. For this reason, data

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

were obtained by means of regular bank and trader inquiries in order to model the forward curves required for valuation purposes. The changes in fair values determined for these forward curves in the case of a shift of + / -10 % were not material for the BMW Group.

The balance sheet carrying amount of Level 3 financial instruments developed as follows:

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2022	724	23	-	67	814
Additions	40	-	-	-	40
Disposals	- 19	- 10	-	- 5	- 34
Gains (+) / losses (-) recognised in accumulated other equity	-	-	-	7	7
Gains (+) / losses (-) recognised in the income statement	56	- 1	2	2	59
Currency translation differences	50	1	-	-	51
Level transfer	-	-	-	- 71	- 71
30 June 2022	851	13	2	-	866

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2021	397	22	3	- 5	417
Additions	76	24	-	-	100
Disposals	- 220	- 30	-	- 4	- 254
Gains (+) / losses (-) recognised in accumulated other equity	-	-	-	75	75
Gains (+) / losses (-) recognised in the income statement	488	5	- 3	1	491
Currency translation differences	32	2	-	-	34
Level transfer	- 49	-	-	-	- 49
31 December 2021	724	23	-	67	814

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

Gains and losses recognised in the income statement are reported within the line item "Other financial result". Of the gains and losses recorded in the financial year 2022 to date, € 57 million (2021: € 352 million) are unrealised.

22 Related party relationships

The following individuals and entities are related parties in accordance with IAS 24:

- Stefan Quandt and Susanne Klatten, as well as companies controlled by them
- The Board of Management and the Supervisory Board of the BMW Group
- Associated companies, joint ventures, non-consolidated subsidiaries, BMW Trust e. V. and BMW Foundation Herbert Quandt

Transactions of the Group companies with related parties were carried out, without exception, in the normal course of business of each of the parties concerned and conducted at market conditions, i.e. conditions that are also granted to other third parties.

During the year under report, members of the Board of Management and the Supervisory Board concluded vehicle purchase contracts and related service contracts as well as vehicle rental, vehicle leasing and vehicle financing contracts with BMW Group entities on market conditions.

Stefan Quandt, Germany, is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also the sole shareholder and Chairman of the Supervisory Boards of DELTON Health AG, Bad Homburg v.d.H., and DELTON Technology SE, Bad Homburg v.d.H., as well as the sole shareholder of DELTON Logistics Sàrl, Grevenmacher, which via its subsidiaries, performed logistic-related services for the BMW Group during first six months of 2022. In addition, the DELTON

companies held by Stefan Quandt acquired vehicles from the BMW Group by way of leasing.

Stefan Quandt, Germany, is also the indirect majority shareholder of SOLARWATT GmbH, Dresden. Cooperation arrangements are in place between BMW Group and SOLARWATT GmbH, Dresden, within the field of electric mobility. The focus of this collaboration is on the provision of complete photovoltaic solutions for rooftop systems and carports to BMW i customers. In addition, SOLARWATT GmbH purchases battery cells and related components for home battery storage applications as part of a supply project. In addition to the deliveries of goods described above, SOLARWATT GmbH, Dresden, also acquired vehicles from the BMW Group by way of leasing during the first half of 2022.

Susanne Klatten, Germany, is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairwoman of the Supervisory Board of ALTANA AG, Wesel. In the first half of 2022, ALTANA AG, Wesel, acquired vehicles from the BMW Group, mainly by way of leasing.

Susanne Klatten, Germany, is also the sole shareholder and Chairwoman of the Supervisory Board of UnternehmerTUM GmbH, Garching. In the first half of 2022, the BMW Group bought in services from UnternehmerTUM GmbH, Garching, mainly in the form of consultancy and workshop services.

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

Seen from the perspective of BMW Group entities, the volume of significant transactions with the above-mentioned entities was as follows:

in € thousand	Supplies and services performed		Supplies and services received		Receivables		Payables	
	1 January to 30 June 2022	1 January to 30 June 2021	1 January to 30 June 2022	1 January to 30 June 2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
DELTON Health AG (formerly DELTON AG)	950	916	-	-	13	-	-	-
DELTON Logistics Sàrl	395	504	9,870	9,067	70	65	5,216	3,362
SOLARWATT GmbH	7,717	2,425	11	-	1,057	1,369	6	-
ALTANA AG	856	973	-	-	187	315	-	49
UnternehmerTUM GmbH	-	-	317	193	-	-	197	337

in € thousand	Supplies and services performed		Supplies and services received		Receivables		Payables	
	2nd quarter 2022 *	2nd quarter 2021	2nd quarter 2022 *	2nd quarter 2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
DELTON Health AG (formerly DELTON AG)	504	472	-	-	13	-	-	-
DELTON Logistics Sàrl	225	231	5,251	4,978	70	65	5,216	3,362
SOLARWATT GmbH	2,892	1,056	-	-	1,057	1,369	6	-
ALTANA AG	376	479	-	-	187	315	-	49
UnternehmerTUM GmbH	-	-	242	80	-	-	197	337

* Additional information: not subject to external auditor review

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

As already described in detail in [note \[03\]](#), BMW Brilliance has been fully consolidated as a subsidiary in the BMW Group Financial Statements with effect from February 11, 2022. The following table shows the transactions of BMW Brilliance with the Group companies up to the date of first-time consolidation:

in € million	Supplies and services performed		Supplies and services received		Receivables		Payables	
	1 January to 10 February 2022	1 January to 30 June 2021	1 January to 10 February 2022	1 January to 30 June 2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
BMW Brilliance Automotive Ltd.	1,330	5,703	106	441	-	2,158	-	2,345

in € million	Supplies and services performed		Supplies and services received		Receivables		Payables	
	2nd quarter 2022 *	2nd quarter 2021	2nd quarter 2022 *	2nd quarter 2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
BMW Brilliance Automotive Ltd.	-	2,955	-	280	-	2,158	-	2,345

Group companies mostly sell vehicle components to BMW Brilliance for further processing. Supplies and services received relate principally to vehicles and services.

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

In total, the following amounts of goods and services were supplied to or received from other joint ventures and associated companies:

in € million	Supplies and services performed		Supplies and services received		Receivables		Payables	
	1 January to 30 June 2022	1 January to 30 June 2021	1 January to 30 June 2022	1 January to 30 June 2021	30.6.2022	31.12.2021 ¹	30.6.2022	31.12.2021 ¹
Other joint ventures and associated companies	10	13	30	31	8	4	16	18

in € million	Supplies and services performed		Supplies and services received		Receivables		Payables	
	2nd quarter 2022 ²	2nd quarter 2021	2nd quarter 2022 ²	2nd quarter 2021	30.6.2022	31.12.2021 ¹	30.6.2022	31.12.2021 ¹
Other joint ventures and associated companies	7	4	15	16	8	4	16	18

The main transactions with non-consolidated companies include receivables from BMW Manufacturing Hungary Kft. In addition, impairment allowances were recognised in full on receivables from a non-consolidated company.

BMW Trust e. V., Munich, administers assets on a trustee basis to secure obligations relating to pensions in Germany and is therefore a related party of the BMW Group in accordance with IAS 24. This entity has no assets of its own. It did not have any income or expenses during the period under report. BMW AG bears expenses on a minor scale and renders services on behalf of BMW Trust e. V., Munich.

The BMW Foundation Herbert Quandt, Munich, is an independent corporate foundation and due to the BMW Group's significant influence, qualifies as a related party according to IAS 24. In the first six months of 2022, the BMW Group made donations amounting to € 5.8 million (2021: € 5.8 million) to the BMW Foundation Herbert Quandt. No other significant transactions arose.

23 Events after the end of the reporting period

No events have occurred after the balance sheet date with a particular significance for the results of operations, financial position or net assets of the BMW Group.

¹ Year-end amount restated

² Additional information: not subject to external auditor review

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

SEGMENT INFORMATION

24 Explanatory notes to segment information

Information on the definition of reportable segments and management performance system is provided in the BMW Group Report 2021. Due to the various methodologies applied, reported segment results and asset values are based on different performance measures. Information is provided in [note \[45\]](#) to the Group Financial Statements within the BMW Group Report 2021.

The performance management system used for the Automotive and Motorcycles segments was revised during the current financial year with the introduction of a simplified definition for capital employed, with a view to making the performance indicator more comprehensible and transparent. Capital employed is now calculated as the sum of intangible assets, property, plant and equipment and net working capital, the latter comprising inventories and trade receivables less trade payables. Segment assets as of 31 December 2021 have been adjusted in accordance with the new methodology.

Segment information is prepared as a general rule in conformity with the accounting policies adopted for preparing and presenting the Interim Group Financial Statements. Exceptions to this general principle include the treatment of inter-segment warranties, the earnings impact of which is allocated to the Automotive and Financial Services segments on the basis used internally to manage the business. In addition, inter-segment repurchase agreements between the Automotive and Financial Services segments pursuant to IFRS 15, impairment allowances on intragroup receivables and changes in the value of consolidated other investments pursuant to IFRS 9 are also excluded. Intercompany leases are not accounted for in accordance with IFRS 16 for internal management and reporting purposes, and instead are treated within in the segments concerned as operating leases. Inter-segment receivables and payables, provisions, income, expenses and profits are eliminated upon consolidation. Inter-segment revenues are based on market prices. Centralised cost components are included in the respective segments, without resulting in cash flows.

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

Segment information by operating segment is as follows:

in € million	Automotive		Motorcycles		Financial Services	
	2022	2021	2022	2021	2022	2021
External revenues	47,646	38,363	1,668	1,630	16,598	15,367
Inter-segment revenues	9,095	9,382	-5	-9	653	739
Total revenues	56,741	47,745	1,663	1,621	17,251	16,106
Segment result	4,830	6,189	235	284	1,981	1,936
Result from equity accounted investments	137	975	-	-	-	-
Capital expenditure on non-current assets	3,735	2,375	42	65	10,554	13,293
Depreciation and amortisation on non-current assets	3,867	3,026	50	61	5,073	5,507

in € million	Other Entities		Reconciliation to Group figures		Group	
	2022	2021	2022	2021	2022	2021
External revenues	-	-	-	-	65,912	55,360
Inter-segment revenues	3	2	-9,746	-10,114	-	-
Total revenues	3	2	-9,746	-10,114	65,912	55,360
Segment result	962	265	8,148	1,062	16,156	9,736
Result from equity accounted investments	-	-	-	-	137	975
Capital expenditure on non-current assets	-	-	-2,663	-3,382	11,668	12,351
Depreciation and amortisation on non-current assets	-	-	-2,272	-2,726	6,718	5,868

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

Segment information by operating segment for the second quarter* is as follows:

in € million	Automotive		Motorcycles		Financial Services	
	2nd quarter 2022	2nd quarter 2021	2nd quarter 2022	2nd quarter 2021	2nd quarter 2022	2nd quarter 2021
External revenues	25,467	19,886	868	874	8,435	7,822
Inter-segment revenues	4,548	5,097	- 4	- 6	330	378
Total revenues	30,015	24,983	864	868	8,765	8,200
Segment result	2,463	3,953	127	149	974	1,149
Result from equity accounted investments	- 123	546	-	-	-	-
Capital expenditure on non-current assets	2,317	1,373	22	18	5,205	6,607
Depreciation and amortisation on non-current assets	2,115	1,512	21	31	2,450	2,649

in € million	Other Entities		Reconciliation to Group figures		Group	
	2nd quarter 2022	2nd quarter 2021	2nd quarter 2022	2nd quarter 2021	2nd quarter 2022	2nd quarter 2021
External revenues	-	-	-	-	34,770	28,582
Inter-segment revenues	2	1	- 4,876	- 5,470	-	-
Total revenues	2	1	- 4,876	- 5,470	34,770	28,582
Segment result	277	124	88	604	3,929	5,979
Result from equity accounted investments	-	-	-	-	- 123	546
Capital expenditure on non-current assets	-	-	- 1,301	- 1,861	6,243	6,137
Depreciation and amortisation on non-current assets	-	-	- 1,079	- 1,426	3,507	2,766

* Additional information: not subject to external auditor review

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

	Automotive		Motorcycles		Financial Services	
in € million	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Segment assets	62,910	41,617*	1,004	974*	17,989	17,324
Investments accounted for using the equity method	652	5,112	-	-	-	-

	Other Entities		Reconciliation to Group figures		Group	
in € million	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Segment assets	97,407	97,917	76,024	71,695	255,334	229,527
Investments accounted for using the equity method	-	-	-	-	652	5,112

* Adjusted in line with the new performance management system, see [note \[45\]](#) in the BMW Group Report 2021.

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

The total of the segment figures can be reconciled to the corresponding Group figures as follows:

in € million	2nd quarter 2022 *	2nd quarter 2021	1 January to 30 June 2022	1 January to 30 June 2021
Reconciliation of segment result				
Total for reportable segments	3,841	5,375	8,008	8,674
Financial result of Automotive segment	63	797	8,116	1,337
Financial result of Motorcycles segment	1	-	2	-
Elimination of inter-segment items	24	- 193	30	- 275
Group profit before tax	3,929	5,979	16,156	9,736
Reconciliation of capital expenditure on non-current assets				
Total for reportable segments	7,544	7,998	14,331	15,733
Elimination of inter-segment items	- 1,301	- 1,861	- 2,663	- 3,382
Total Group capital expenditure on non-current assets	6,243	6,137	11,668	12,351
Reconciliation of depreciation and amortisation on non-current assets				
Total for reportable segments	4,586	4,192	8,990	8,594
Elimination of inter-segment items	- 1,079	- 1,426	- 2,272	- 2,726
Total Group depreciation and amortisation on non-current assets	3,507	2,766	6,718	5,868

* Additional information: not subject to external auditor review

44 Accounting principles and policies
Principles and Policies

49 Notes to the income statement

52 Explanatory notes to the balance
sheet Balance Sheet

55 Other disclosures

66 Segment information

The total of the segment figures can be reconciled to the corresponding Group figures as follows:

in € million	30.6.2022	31.12.2021*
Reconciliation of segment assets		
Total for reportable segments	179,310	157,832
Financial and other assets – Automotive	69,534	70,051
Trade payables – Automotive	12,030	9,650
Financial and other assets – Motorcycles	59	42
Trade payables – Motorcycles	386	378
Total liabilities – Financial Services	136,408	136,113
Non-operating assets – Other Entities	23,074	7,676
Elimination of inter-segment items	- 165,467	- 152,215
Total Group assets	255,334	229,527

Munich, 26 July 2022

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Oliver Zipse

Ilka Horstmeier

Dr.-Ing. Milan Nedeljković

Pieter Nota

Dr. Nicolas Peter

Dr.-Ing. Joachim Post

Frank Weber

* Adjusted in line with the new performance management system, see [note \[45\]](#) in the BMW Group Report 2021.

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

"To the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, the Interim Group Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Interim Group Management Report includes a fair review of the development and performance of business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Munich, 26 July 2022

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Oliver Zipse

Ilka Horstmeier

Dr.-Ing. Milan Nedeljković

Pieter Nota

Dr. Nicolas Peter

Dr.-Ing. Joachim Post

Frank Weber

REVIEW REPORT

To Bayerische Motoren Werke Aktiengesellschaft, München

We have reviewed the condensed consolidated interim financial statements – comprising the income statement, condensed statement of comprehensive income, balance sheet, condensed cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Bayerische Motoren Werke Aktiengesellschaft, München, for the period from January 1, 2022, to June 30, 2022, which are part of the half-year financial report pursuant to § (Article) 115 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to

interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Munich, 2 August 2022

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Petra Justenhoven	Michael Popp
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

OTHER INFORMATION

75 Consumption and Carbon Disclosures

76 Contacts

CONSUMPTION AND CARBON DISCLOSURES

Model	Figures according to WLTP				Figures according to NEDC		
	Fuel consumption in l / 100 km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity power consumption in kWh / 100 km (combined / weighted combined) max / min	Electric range (combined / weighted combined)	Fuel consumption in l / 100 km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity power consumption in kWh / 100 km (combined / weighted combined) max / min
BMW							
BMW i4 eDrive40	-	-	19.1 – 16.1	493 – 590	-	-	-
BMW i4 M50	-	-	22.5 – 18.0	416 – 520	-	-	-
BMW i7 xDrive60*	-	-	19.6 – 18.4	591 – 625	-	-	-
BMW iX xDrive40	-	-	21.2 – 19.3	394 – 426	-	-	-
BMW iX xDrive50	-	-	21.4 – 19.8	590 – 630	-	-	-
BMW iX M60	-	-	24.5 – 21.9	502 – 561	-	-	-
BMW iX1 xDrive30*	-	-	18.4 – 17.3	413 – 438	-	-	-
BMW iX3	-	-	18.9 – 18.5	453 – 461	-	-	-
MINI							
MINI Cooper SE	-	-	17.6 – 15.2	-	-	-	16.9 – 14.9
Rolls-Royce							
Rolls-Royce Ghost	15.8 – 15.2	359 – 347	-	-	15.0	343	-
Rolls-Royce Phantom Series II	16.0 – 15.5	362 – 351	-	-	15.1	345	-
Rolls-Royce Phantom Extended Series II	16.2 – 15.6	365 – 353	-	-	15.1	345	-
Rolls-Royce Cullinan	16.5 – 16.1	377 – 368	-	-	15.2	348	-

* Values are preliminary.

CONTACTS

BUSINESS AND FINANCE PRESS

Telephone +49 89 382-2 45 44
+49 89 382-2 41 18

Telefax +49 89 382-2 44 18

E-mail presse@bmwgroup.com

INVESTOR RELATIONS

Telephone +49 89 382-2 53 87

Telefax +49 89 382-1 46 61

E-mail ir@bmwgroup.com

THE BMW GROUP ON THE INTERNET

Further information about the BMW Group is available online at:

➤ www.bmwgroup.com

Investor Relations information is available directly at:

➤ www.bmwgroup.com/ir

Information about the various BMW Group brands is available at:

➤ www.bmw.com

➤ www.mini.com

➤ www.rolls-roycemotorcars.com

➤ www.bmw-motorrad.com

PUBLISHED BY

Bayerische Motoren Werke
Aktiengesellschaft
80788 Munich
Germany
Telephone +49 89 382-0