

Supplementary information on agenda item 9.4:

**Annual Financial Statements for BMW Fahrzeugtechnik
GmbH as of 31 December 2020**

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Annual Financial Statements of BMW Fahrzeugtechnik GmbH Financial year 2020

BMW Fahrzeugtechnik GmbH

Balance sheet as at 31 December

in € thou.	Appendix	2020	2019
Assets			
Intangible assets		0	2
Property, plant and equipment	1	41.103	32.039
Financial assets	2	3.261	3.261
Fixed assets		44.364	35.302
Inventories	3	69.399	57.719
Receivables and other assets	4	58.516	51.683
Current assets		127.915	109.402
Balance sheet total		172.279	144.704
Liabilities			
Subscribed capital		26	26
Capital reserve		11.262	11.262
Retained earnings		62	62
Balance sheet profit		7	7
Equity	5	11.357	11.357
Other provisions	6	5.860	6.238
Liabilities from deliveries and services		12.178	8.113
Amounts owed to affiliated companies		142.597	118.703
Other liabilities		287	293
Liabilities	7	155.062	127.109
Balance sheet total		172.279	144.704

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Profit and loss account

in € thou.	Appendix	2020	2019
Revenues	8	62.433	86.320
Production costs of the services rendered to generate the sales revenue		-58.759	-82.517
Gross profit from sales		3.674	3.803
Distribution costs		-530	-665
General administrative expenses		-2.837	-2.844
Other operating income	9	1.237	1.113
Other operating expenses	10	-920	-635
Income from participations	11	35.401	11.050
Other interest and similar income	12	79	72
Interest and similar expenses	13	-859	-814
Result after taxes		35.245	11.080
Other taxes		-23	-47
Profits transferred under a profit and loss transfer agreement		-35.222	-11.033
Net profit for the year		0	0
Profit carried forward		7	7
Balance sheet profit		7	7

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Fundamentals of the annual financial statements

The annual financial statements of BMW Fahrzeugtechnik GmbH are prepared in accordance with German commercial accounting regulations and the provisions of the German Limited Liability Companies Act (GmbH-Gesetz) and are stated in thousands of euros (€ thousand). BMW Fahrzeugtechnik GmbH, with its registered office in Eisenach, is registered with the Jena District Court under the commercial register number HRB 400361.

The key figures in the report are rounded in accordance with standard commercial practice. In individual cases, this may mean that values do not add up exactly to the totals given and that percentages do not result from the values shown.

BMW Fahrzeugtechnik GmbH is a large corporation within the meaning of Section 267 of the German Commercial Code (HGB) as at the balance sheet date of 31 December 2020.

The profit and loss account is prepared according to the cost of sales method. The financial year is the calendar year.

In order to improve the clarity of presentation, individual items have been combined in the balance sheet and the income statement and shown separately in the notes.

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Accounting and valuation principles

Intangible assets acquired for consideration are recognised at acquisition cost. They are amortised on a straight-line basis over their expected useful life.

Property, plant and equipment are valued at acquisition or production cost less scheduled depreciation. Production costs include direct material and production costs as well as allocable parts of material and production overheads including production-related depreciation. Appropriate portions of the production-related costs of general administration, for social facilities of the company, for voluntary social benefits and for company pension schemes are not included in the production costs. Unscheduled write-downs are made if there are likely to be permanent impairments. Write-ups due to the requirement to reinstate original values are made up to the amortised cost if the reasons for a permanent impairment no longer exist. Property, plant and equipment are generally depreciated using the straight-line method, although the declining-balance method is still applied in certain cases. There is a scheduled switch to the straight-line method as soon as it leads to higher depreciation. In the year of acquisition, depreciation is carried out pro rata temporis. Depreciable fixed assets with acquisition or production costs of up to € 250 are recognised directly as expenses in the year of acquisition. For acquisition or production costs of more than € 250 and up to € 1,000, the straight-line depreciation method with a depreciation period of five years is applied.

Factory and office buildings are depreciated in up to 14 to 40 years, technical equipment and machinery usually in five to ten years, other equipment, factory and office equipment predominantly in five years.

Allowances and grants are capitalised if the material requirements for their granting are met and the necessary application has been submitted. The grants are deducted from the acquisition and production costs of the subsidised assets.

Shares in affiliated companies are recognised at the lower of cost or fair value.

The composition and development of fixed assets is shown in the fixed assets movement schedule.

Inventories of raw materials, consumables and supplies as well as merchandise are valued at the lower of cost or market. In the case of work in progress and finished goods, direct material and production costs, attributable parts of material and production overheads including production-related depreciation are included. Appropriate parts of the production-related costs of general administration, for social facilities of the company, for voluntary social benefits and for company pension schemes are not included in the production costs. Inventory risks resulting from the storage period or reduced usability are taken into account through devaluations.

Receivables and other assets are recognised at nominal value or fair value. Appropriate write-downs are made for receivables whose collectability is subject to identifiable risks; uncollectible receivables are written off.

Subscribed capital is accounted for at nominal value.

Provisions for anniversary bonuses and partial retirement are calculated using the projected unit credit method. The calculation is based on actuarial reports taking into account biometric accounting principles. Effects on income from the compounding of interest and the change in the discount rate are recognised in the financial result.

Other provisions are measured in such a way that they take into account all identifiable risks. Provisions are recognised at the necessary settlement amount; long-term provisions are discounted at the average market interest rate corresponding to their remaining term, which is determined and published by the Deutsche Bundesbank.

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Accounting and valuation principles

Liabilities are recognised at the settlement amount on the balance sheet date.

Foreign currency receivables and liabilities are recorded at the mean spot exchange rate at the time of the transaction. Gains resulting from the reporting date valuation are only recognised for receivables and liabilities with a remaining term of one year or less. Losses from exchange rate changes are taken into account by revaluation on the balance sheet date.

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Development of fixed assets

in € thou.	Acquisition and production costs				31.12.2020
	1.1.2020	Access	Transfers	Disposals	
Intangible assets	7	-	-	-	7
Land, land rights and buildings, including buildings on third-party land	24.217	-	-	5	24.212
Technical equipment and machinery	89.233	601	284	-	90.118
Other equipment, operating and office equipment	14.434	363	-	4.475	10.322
Advance payments and assets under construction	6.817	12.894	-284	-	19.427
Property, plant and equipment	134.701	13.858	-	4.480	144.079
Shares in affiliated companies	3.261	-	-	-	3.261
Financial assets	3.261	-	-	-	3.261
Fixed assets	137.969	13.858	-	4.480	147.347

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Development of fixed assets

Depreciation			Book values			
<u>1.1.2020</u>	<u>Current year</u>	<u>Disposals</u>	<u>31.12.2020</u>	<u>31.12.2020</u>	<u>31.12.2019</u>	
<u>5</u>	<u>2</u>	-	<u>7</u>	<u>-</u>	<u>2</u>	Intangible assets
<u>14.230</u>	362	-	<u>14.592</u>	<u>9.620</u>	9.987	Land, land rights and buildings, including buildings on third-party land
<u>75.044</u>	4.108	-	<u>79.152</u>	<u>10.966</u>	14.189	Technical equipment and machinery
<u>13.388</u>	319	4.475	<u>9.232</u>	<u>1.090</u>	1.046	Other equipment, operating and office equipment
<u>-</u>	-	-	<u>-</u>	<u>19.427</u>	6.817	Advance payments and assets under construction
<u>102.662</u>	<u>4.789</u>	<u>4.475</u>	<u>102.976</u>	<u>41.103</u>	<u>32.039</u>	Property, plant and equipment
<u>-</u>	-	-	<u>-</u>	<u>3.261</u>	3.261	Shares in affiliated companies
<u>-</u>	-	-	<u>-</u>	<u>3.261</u>	<u>3.261</u>	Financial assets
<u>102.667</u>	<u>4.791</u>	<u>4.475</u>	<u>102.983</u>	<u>44.364</u>	<u>35.302</u>	Fixed assets

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Notes to the balance sheet

1 – Property, plant and equipment

The additions to property, plant and equipment mainly relate to assets under construction. Scheduled depreciation for the current financial year amounts to € 4,789 thousand (2019: € 5,192 thousand).

2 – Financial assets

Company	Equity in € thou.	Result in € thou.	Capital share in %
BMW Russia Trading OOO, Moscow	270.170	153.584	25

* Information as at 31.12.2019 in accordance with Russian Accounting Standards (RAS);

Translation of equity at the closing rate, translation of the result at the average rate for the period

3 – Inventories

in € thou.	31.12.2020	31.12.2019
Raw materials and supplies	3.019	3.012
Work in progress, unfinished services	64.703	53.512
Finished products and goods	1.677	1.195
Inventories	69.399	57.719

4 – Receivables and other assets

in € thou.	31.12.2020	31.12.2019
Receivables from deliveries and services	118	180
Receivables from affiliated companies	57.392	50.628
Other assets	1.006	875
Receivables and other assets	58.516	51.683

Receivables from affiliated companies are financial receivables of €55,285 thousand (2019: €33,760 thousand) and trade receivables of €2,107 thousand (2019: €16,868 thousand).

Other assets include receivables from employees and tax receivables.

Unless otherwise stated, receivables and other assets are due within one year.

5 – Equity

The share capital of the company amounts to € 25,565.

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Notes to the balance sheet

6 – Provisions

The other provisions are composed as follows:

in € thou.	31.12.2020	31.12.2019
Provisions for partial retirement	3.880	3.357
Other personnel provisions	1.074	1.448
Miscellaneous other provisions	906	1.433
Provisions	5.860	6.238

The calculation of partial retirement obligations is based on the biometric calculation principles in accordance with the 2018 G mortality tables of Heubeck Richttafeln GmbH. In addition, the following parameters are taken into account:

in %	31.12.2020	31.12.2019
Discount factor	0,45	0,61
Salary trend	2,67	3,04
Pension trend	1,33	1,38

The expenses from the compounding of pension obligations, the change in the discount rate and the effects from the change in fair value are reported in the financial result. All other components are recognised in the functional costs.

7 – Liabilities

in € thou.	31.12.2020				31.12.2019			
	Total amount	of which with a residual term			Total amount	of which with a residual term		
		up to one year	from 1 to 5 years	from more than 5 years		up to one year	from 1 to 5 years	from more than 5 years
Liabilities from deliveries and services	12.178	12.178	-	-	8.113	8.113	-	-
Amounts owed to affiliated companies	142.597	121.597	21.000	-	118.703	97.703	21.000	-
Other liabilities	287	287	-	-	293	293	-	-
thereof tax liabilities	223	223	-	-	228	228	-	-
of which within the framework of social security	64	64	-	-	65	65	-	-
Liabilities	155.062	134.062	21.000	-	127.109	106.109	21.000	-

Liabilities to affiliated companies include liabilities to the shareholder in the amount of € 57,597 thousand (2019: € 33,703 thousand). These are mainly financial liabilities in the amount of € 56,586 thousand (2019: € 32,399 thousand) and trade payables in the amount of € 1,011 thousand (2019: € 1,304 thousand). In addition, there are financial liabilities of € 85,000 thousand (2019: € 85,000 thousand) to another affiliated company.

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Notes to the profit and loss account

8 – Revenues

in € thou.	2020	2019
Sale of forming tools	39.295	61.485
Sale of series pressed parts	23.138	24.835
Revenues	62.433	86.320

Information by region	2020	2019
Domestic	62.234	85.530
Abroad	199	790
Revenues	62.433	86.320

9 – Other operating income

The other operating income, which in the financial year amounted to 1.237 Tsd. € amount to (2019: 1.113 Tsd. €), mainly includes income from reimbursements from BMW AG. This item also includes income from currency translation of € 4 thousand (2019: € 2 thousand).

Other operating income unrelated to the accounting period amounted to € 430 thousand in the financial year (2019: 384 thousand). This mainly results from the reversal of value adjustments on receivables and the reversal of provisions.

10 – Other operating expenses

Other operating expenses mainly include expenses from the top-up of partial retirement in the amount of €778 thousand (2019: €440 thousand). Furthermore, this item includes expenses from currency translation in the amount of €91 thousand (2019: €106 thousand).

The other expenses relating to other periods amount to € k in 15 the financial year (2019: € 64 k).

11 – Income from investments

The income from investments in 2020 was generated by a distribution of €35,401 thousand (2019: €11,050 thousand) from BMW Russia Trading OOO, Moscow, and is therefore fully due to affiliated companies.

12 – Other interest and similar income

Interest income in the financial year amounts to € 79 thousand (2019: € 72 thousand) of which € 22 thousand (2019: € 43 thousand) is attributable to the shareholder (BMW AG) and € 57 thousand (2019: € 29 thousand) to another affiliated company.

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Notes to the profit and loss account

13 – Interest and similar expenses

The interest expenses in the financial year amount to € 859 thousand (€ 814 thousand), 2019 814 thousand) of which € 742 thousand (2019 737 thousand) to loan liabilities to the shareholder (BMW AG) and € 51 thousand (2019: € 0 thousand) to another affiliated company.

The expenses from the compounding of partial retirement obligations and long-term personnel provisions as well as the effect on profit or loss from the change in the discount rate amount to the following in the financial year 67 Tsd. € (2019: 78 Tsd. €).

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Appendix
Other information

14 – Cost of materials

in € thou.	2020	2019
Cost of raw materials, consumables and supplies and of purchased goods	3.638	3.842
Expenses for purchased services	38.106	43.795
Cost of materials	41.744	47.637

15 – Personnel expenses

in € thou.	2020	2019
Wages and salaries	18.051	18.470
Social security and pension costs	3.527	3.455
of which for pensions	321	305
Personnel expenses	21.578	21.925

16 – Auditor's fee expense

With regard to the disclosure of the total fees charged by the auditor for the financial year 2020 The simplification option pursuant to § 285 no. 17 of the German Commercial Code (HGB) has been used with regard to the disclosure of the total fee charged by the auditor for the financial year. The auditor's total fee is shown in the notes to the consolidated financial statements.

17 – Other financial obligations

The obligations - especially from rental and leasing contracts - in the amount of 1.164 Tsd. € (2019: 1.259 Tsd. €) break down by maturity as follows:

in € thou.	2020	2019
Due within one year	638	478
Due between one and five years	526	781
Other financial obligations	1.164	1.259

18 – Transactions with related parties

Only arm's length transactions are concluded with related parties.

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Other information

19 – Employees

The average number of employees during the year was 264 (2019: 264). In addition, an annual average of 41 (2019: 43) employees were in training.

20 – Management

Alexander Eras, Managing Director BMW Fahrzeugtechnik GmbH.
Dr Peter Fallböhmer, Head of Toolmaking, Plant Engineering at BMW AG,
(since 01 February 2020).

The total remuneration of the management is not disclosed in accordance with § 286 para. 4 HGB.

21 – Group affiliation

BMW Fahrzeugtechnik GmbH is a wholly owned subsidiary of BMW AG, Munich.

There is a profit and loss transfer agreement with the parent company.

The Consolidated Financial Statements of BMW AG for the financial year 2020 are submitted electronically to the operator of the Federal Gazette and are accessible via the website of the Company Register. The consolidated financial statements of BMW AG are simultaneously the smallest and the largest group of consolidated companies in which BMW Fahrzeugtechnik GmbH is included.

22 – Supplementary report

No events occurred after the end of the financial year that are of particular significance for the earnings, financial and asset situation of BMW Fahrzeugtechnik GmbH.

23 – Management Report

The Company makes use of the exemption option with regard to the preparation of the management report.

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Appendix
Other information

Eisenach, 31 March 2021

BMW Fahrzeugtechnik GmbH

[SIGNATURE]
Alexander Eras
Managing Director

[SIGNATURE]
Dr. Peter Fallböhmer
Managing Director