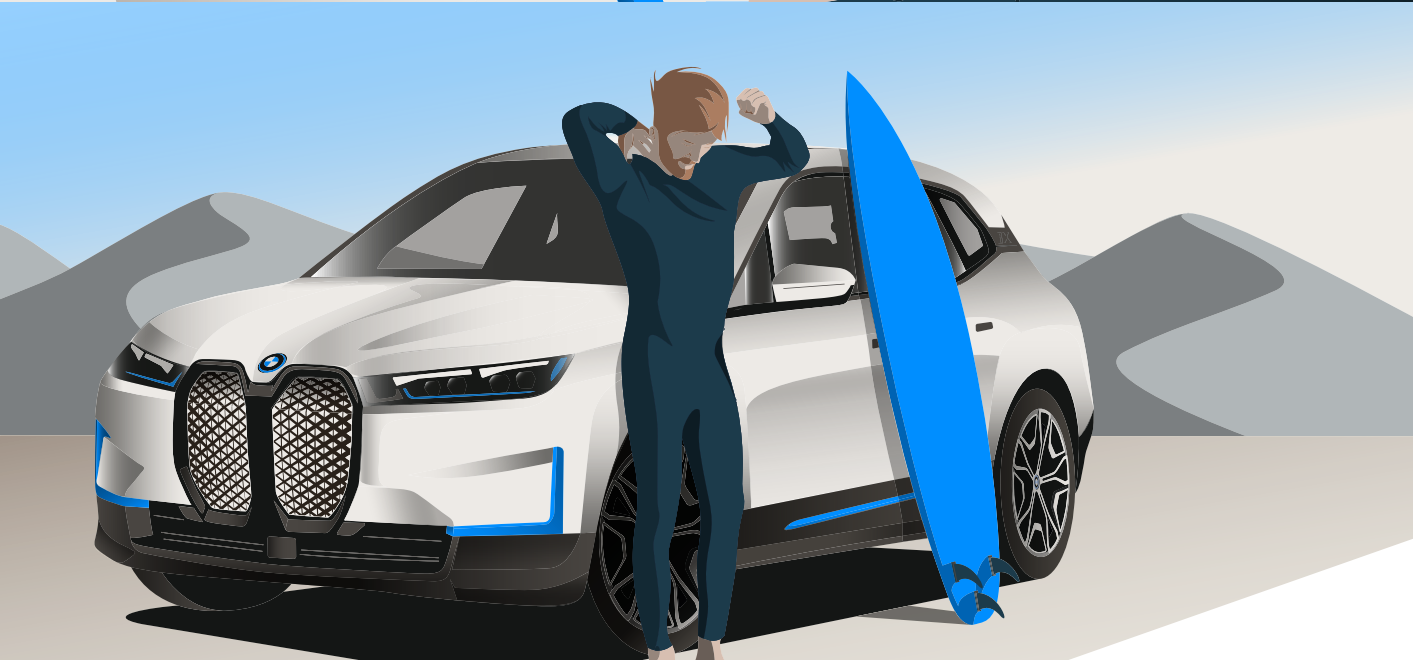


HALF-YEAR REPORT

30 June 2021



**BMW
GROUP**



ROLLS-ROYCE
MOTOR CARS LTD

CONTENTS



4

BMW GROUP AT A GLANCE

5

BMW Group in Figures

11

INTERIM GROUP MANAGEMENT REPORT

12

Report on Economic Position

12

General Economic Environment
in the first half of 2021

12

Group Overview

16

Automotive Segment

22

Financial Services Segment

23

Other Entities Segment and Eliminations

24

**Report on Outlook, Risks and
Opportunities**

24

Outlook

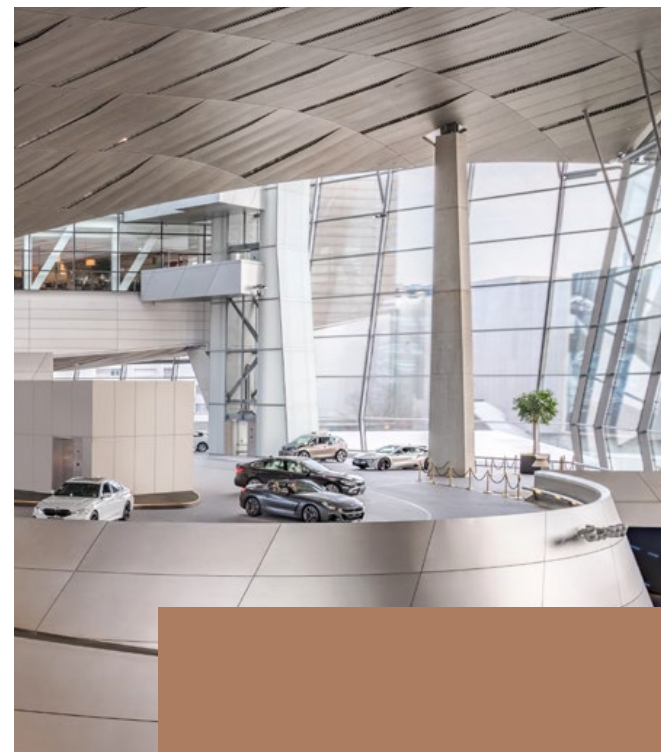
27

Risks and Opportunities



28 INTERIM GROUP FINANCIAL STATEMENTS

- 29 Income Statement for Group and Segments for the period from 1 January to 30 June
- 30 Condensed Statement of Comprehensive Income for Group for the period from 1 January to 30 June
- 31 Income Statement for Group and Segments for the period from 1 April to 30 June
- 32 Condensed Statement of Comprehensive Income for Group for the period from 1 April to 30 June
- 33 Balance Sheet for Group and Segments at 30 June 2021
- 35 Condensed Cash Flow Statement for Group and Segments for the period from 1 January to 30 June
- 36 Statement of Changes in Equity
- 37 Notes to the Group Financial Statements
- 57 Responsibility Statement by the Company's Legal Representatives
- 58 Review Report



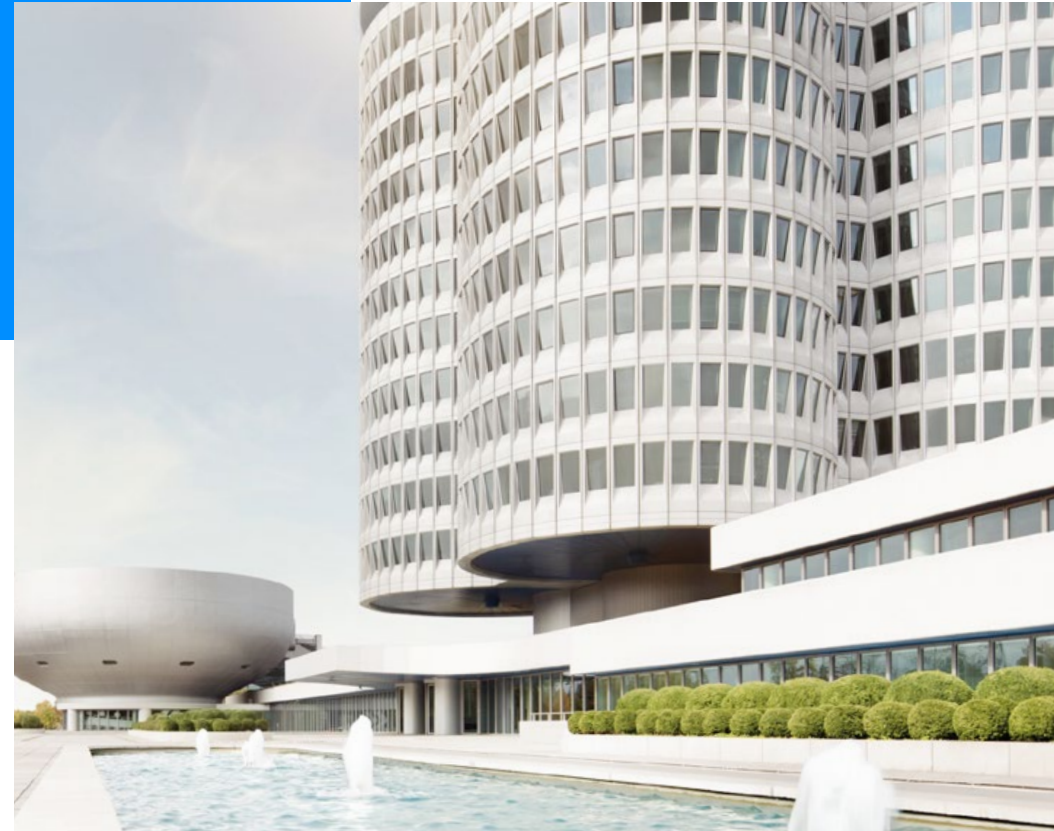
59 OTHER INFORMATION

- 60 Fuel Consumption and CO₂ Emissions Information
- 60 General Information
- 61 Contacts



BMW GROUP AT A GLANCE

5 BMW Group in Figures



BMW GROUP IN FIGURES

KEY PERFORMANCE INDICATORS REPORTED DURING THE YEAR ¹

		2nd quarter 2021	2nd quarter 2020	Change in %
GROUP				
Profit / loss before tax	€ million	5,979	- 300	-
AUTOMOTIVE SEGMENT				
Deliveries ^{2,3}	units	702,441	485,464	44.7
Share of electrified vehicles in deliveries	%	11.8	6.4	84.4
EBIT margin ⁴	%	15.8	-10.4	-
MOTORCYCLES SEGMENT				
Deliveries	units	65,018	41,933	55.1
EBIT margin ⁴	%	17.2	-1.3	-

¹ Supplementary information which was not subject of the audit review.

² In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods.

BMW Group has revised the data on vehicle deliveries for previous years retrospectively. Further information can be found in the BMW Group Report 2020 on page 128/129. As BMW Group continues to enhance its policies and procedures regarding retail vehicle delivery data, it may not always be practicable for BMW Group to adjust prior period data (and any such adjustments would be of a de minimis nature without any material impact on the comparability of periods).

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 186,206 units; 2020: 163,871 units)

⁴ Profit / loss before financial result as a percentage of segment revenues.

FURTHER PERFORMANCE FIGURES¹

		2nd quarter 2021	2nd quarter 2020	Change in %
AUTOMOTIVE SEGMENT				
Deliveries ²				
BMW ³	units	617,667	430,344	43.5
MINI	units	83,165	54,413	52.8
Rolls-Royce	units	1,609	707	127.6
Total³	units	702,441	485,464	44.7
Production volume				
Total⁴	units	614,009	360,108	70.5
FINANCIAL SERVICES SEGMENT				
New contracts with retail customer		540,279	354,765	52.3

¹ Supplementary information which was not subject of the audit review.

² For information regarding deliveries, ^{L2} see page 5, footnote 2.

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 186,206 units; 2020: 163,871 units)

⁴ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 170,266 units; 2020: 157,436 units)

FURTHER PERFORMANCE FIGURES¹

		2nd quarter 2021	2nd quarter 2020	Change in %
Free cash flow Automotive segment	€ million	2,380	-295	-
Group revenues	€ million	28,582	19,973	43.1
Automotive	€ million	24,983	14,878	67.9
Motorcycles	€ million	868	522	66.3
Financial Services	€ million	8,200	6,658	23.2
Other Entities	€ million	1	-	-
Eliminations	€ million	-5,470	-2,085	-
Group profit / loss before financial result (EBIT)	€ million	5,005	-666	-
Automotive	€ million	3,953	-1,554	-
Motorcycles	€ million	149	-7	-
Financial Services	€ million	1,128	77	-
Other Entities	€ million	1	13	-
Eliminations	€ million	-226	805	-
Group profit / loss before tax (EBT)	€ million	5,979	-300	-
Automotive	€ million	4,750	-1,173	-
Motorcycles	€ million	149	-8	-
Financial Services	€ million	1,149	97	-
Other Entities	€ million	124	-64	-
Eliminations	€ million	-193	848	-
Group income taxes	€ million	-1,189	88	-
Group net profit / loss	€ million	4,790	-212	-
Earnings per share²	€	7.23 / 7.24	-0.35 / -0.34	- / -
Group pre-tax return on sales³	%	20.9	-1.5	-

¹ Supplementary information which was not subject of the audit review.

² 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 quarters of the corresponding financial year.

³ Group profit / loss before tax as a percentage of Group revenues.

KEY PERFORMANCE INDICATORS
REPORTED DURING THE YEAR

		1 January to 30 June 2021	1 January to 30 June 2020	Change in %
GROUP				
Profit / loss before tax	€ million	9,736	498	–
AUTOMOTIVE SEGMENT				
Deliveries ^{1,2}	units	1,339,047	962,575	39.1
Share of electrified vehicles in deliveries	%	11.4	6.4	78.1
EBIT margin ³	%	13.0	–4.0	–
MOTORCYCLES SEGMENT				
Deliveries	units	107,610	76,707	40.3
EBIT margin ³	%	17.5	6.0	–

¹ For information regarding deliveries, ^{L2} see page 5, footnote 2.

² Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 362,044 units; 2020: 251,314 units)

³ Profit / loss before financial result as a percentage of segment revenues.

FURTHER PERFORMANCE FIGURES

		1 January to 30 June 2021	1 January to 30 June 2020	Change in %
AUTOMOTIVE SEGMENT				
Deliveries ¹				
BMW ²	units	1,178,210	842,153	39.9
MINI	units	157,848	118,862	32.8
Rolls-Royce	units	2,989	1,560	91.6
Total²	units	1,339,047	962,575	39.1
Production volume				
Total³	units	1,283,127	944,250	35.9
FINANCIAL SERVICES SEGMENT				
New contracts with retail customer		1,029,345	804,452	28.0

¹ For information regarding deliveries, ^{L2} see page 5, footnote 2.

² Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 362,044 units; 2020: 251,314 units)

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 336,800 units; 2020: 253,140 units)

FURTHER PERFORMANCE FIGURES

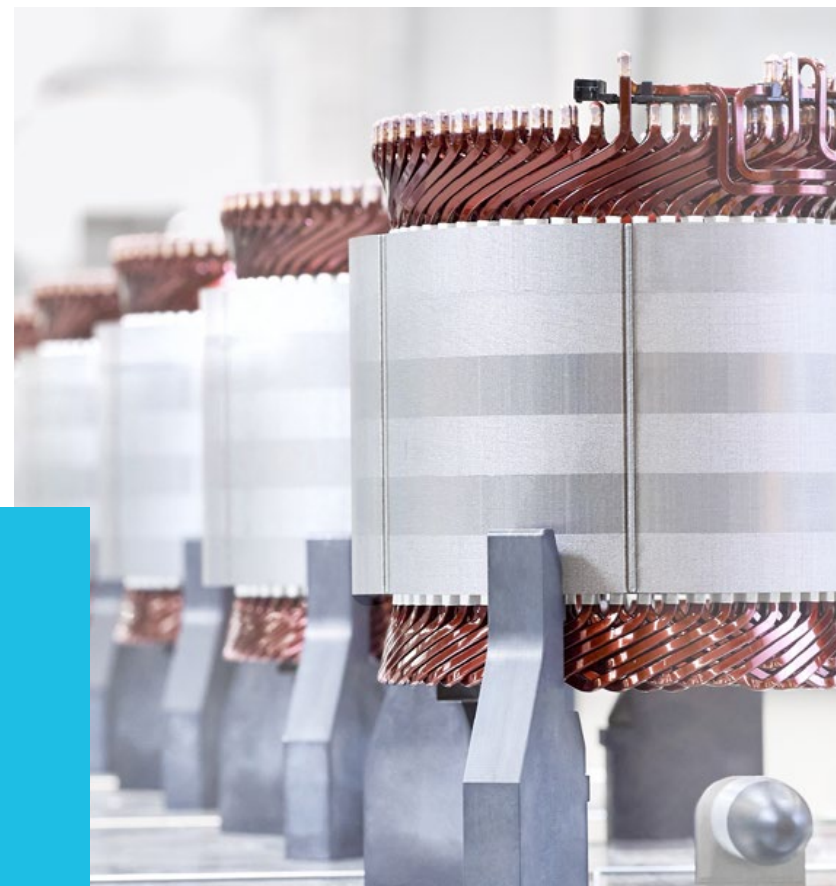
		1 January to 30 June 2021	1 January to 30 June 2020	Change in %
Free cash flow Automotive segment	€ million	4,902	-2,513	-
Group revenues	€ million	55,360	43,225	28.1
Automotive	€ million	47,745	32,867	45.3
Motorcycles	€ million	1,621	1,079	50.2
Financial Services	€ million	16,106	14,256	13.0
Other Entities	€ million	2	1	-
Eliminations	€ million	-10,114	-4,978	-
Group profit / loss before financial result (EBIT)	€ million	8,030	709	-
Automotive	€ million	6,189	-1,325	-
Motorcycles	€ million	284	65	-
Financial Services	€ million	1,895	619	-
Other Entities	€ million	-5	25	-
Eliminations	€ million	-333	1,325	-
Group profit / loss before tax (EBT)	€ million	9,736	498	-
Automotive	€ million	7,526	-1,093	-
Motorcycles	€ million	284	64	-
Financial Services	€ million	1,936	581	-
Other Entities	€ million	265	-408	-
Eliminations	€ million	-275	1,354	-
Group income taxes	€ million	-2,113	-136	-
Group net profit / loss	€ million	7,623	362	-
Earnings per share¹	€	11.49 / 11.50	0.49 / 0.50	- / -
Group pre-tax return on sales²	%	17.6	1.2	-

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 quarters of the corresponding financial year.

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

INTERIM GROUP MANAGEMENT REPORT

12	Report on Economic Position
12	General Economic Environment in the first half of 2021
12	Group Overview
16	Automotive Segment
22	Financial Services Segment
23	Other Entities Segment and Eliminations
24	Report on Outlook, Risks and Opportunities
24	Outlook
27	Risks and Opportunities



REPORT ON ECONOMIC POSITION

GENERAL ECONOMIC ENVIRONMENT IN THE FIRST HALF OF 2021

INTERNATIONAL AUTOMOBILE MARKETS

Compared to the same period one year earlier, when long periods of lockdown brought demand for automobiles to an almost complete standstill, international automobile markets recovered well in the first half of 2021, with total volume rising by 23.1%. Registration figures for the six-month period developed as follows in the largest automobile markets:

	Change compared to previous year in %
EU 27	+26.7
thereof Germany	+14.9
thereof France	+28.9
thereof Italy	+47.9
thereof Spain	+34.1
United Kingdom (UK)	+39.3
USA	+28.6
China	+25.5
Japan	+12.0
Total	+23.1

GROUP OVERVIEW

BMW GROUP SETS NEW SALES RECORD FOR A FIRST SIX-MONTH PERIOD

The BMW Group continued to perform well during the first six months of 2021. Despite the challenges posed by the global pandemic restrictions and the limited availability of semiconductor components, which necessitated adjustments to the production schedule, sales figures increased significantly. In total, 1,339,047¹ BMW, MINI and Rolls-Royce brand vehicles were delivered to customers during the period under report, almost 40% up on the previous year (2020: 962,575^{1,2} units; +39.1%), a new record for a first half-year period. All major sales regions contributed to the overall growth in sales worldwide. The second-quarter performance tells a similar story, with deliveries to customers up by 44.7% year-on-year to 702,441³ units (2020: 485,464^{2,3} units).

¹ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 362,044 units; 2020: 251,314 units)

² For information regarding deliveries, see page 5, footnote 2.

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 186,206 units; 2020: 163,871 units)

Sustained high demand for the BMW Group's electrified vehicles also provided strong momentum for growth. Between January and June 2021, 153,243¹ all-electric vehicles and plug-in hybrids were delivered to customers (2020: 61,652^{1,2} units), an increase of 148.6% compared to one year earlier. The growth rate for all-electric vehicles during the six-month period was even higher at 183.9%.

New business generated by the Financial Services segment with retail customers also grew sharply, with 1,029,345 contracts signed during the period from January to June (2020: 804,452 contracts; +28.0%). At 30 June 2021, a total of 5,638,482 credit financing and leasing contracts were in place with retail customers (31 December 2020: 5,591,799 contracts; +0.8%).

ANTITRUST INVESTIGATION AGAINST CARMAKERS: EU COMMISSION DROPS MOST CHARGES AGAINST BMW GROUP

In a Statement of Objections issued on 5 April 2019 in connection with an antitrust investigation, the EU Commission made very serious allegations against the BMW Group and other carmakers. The EU Commission alleged that five German car manufacturers colluded with the aim of restricting competition for innovation with regard 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 unlawful manipulation of the emissions control system. Based on the Statement of Objections, the BMW Group concluded that it was probable ("more likely than not") that the EU Commission would issue a significant fine. According to the International Financial Reporting Standards, this resulted in an obligation to recognise a provision. After careful consideration of the points raised in the Statement of Objections regarding the intended calculation of a fine, a provision of around €1.4 billion was recognised in the first quarter 2019.

After reviewing BMW Group's detailed submissions on the Statement of Objections issued in April 2019, the EU Commission initiated formal settlement proceedings in February 2020 at the end of which the EU Commission issued an adjusted Statement of Objections in which the EU Commission significantly narrowed the scope of its charges. Following receipt of the adjusted Statement of

Objections on 20 May 2021, the BMW Group re-evaluated its provision, resulting in a positive effect on earnings of around one billion euros in the form of a reversal reported in other operating income. As a result, the target range for the EBIT margin in the Automotive segment has been raised by one percentage point.

The EU Commission acknowledged that the proceedings concluded by settlement on 8 July 2021 represent uncharted territory for antitrust law. In the opinion of the EU Commission, the carmakers concerned – within the framework of what is actually legitimate technical cooperation in the development of SCR technology (SCR: selective catalytic reduction) – created an excessive transparency with regard to the size of their AdBlue tanks, the range that can be achieved and the presumed average AdBlue consumption, thereby violating EU competition law. Price-fixing and market sharing were not the subject of the investigation. The European Commission nevertheless used the standards generally applied to "classic" cartels of this kind to calculate the fine – with merely a certain reduction to reflect the unique nature of the case. This approach and the fact that the Commission dropped most of its charges resulted in a fine of approximately €373 million.

The fine was paid in July 2021, concluding the EU Commission's proceeding.

Further class, individual and civil actions or antitrust proceedings are either at an early stage or cannot be ruled out (see [↗](#) note 18 to the Interim Group Financial Statements).

¹ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang.

² For information regarding deliveries, [↗](#) see page 5, footnote 2.

SIGNIFICANT IMPROVEMENT IN GROUP EARNINGS AS RECOVERY CONTIINUES

The first two quarters of the previous financial year were still dominated by the impact of the coronavirus pandemic. Whereas it was the slump in the Chinese market in particular that negatively impacted earnings in the first quarter of 2020, it was the global spread of coronavirus that took its toll on the BMW Group's business performance in the second quarter of 2020. The measures taken to contain the infection, such as lockdowns and dealership closures in key BMW Group sales markets, had a corresponding negative impact on Group earnings. However, markets began to recover in the second half of 2020 and continued to do so throughout the first six months of 2021.

Revenues were significantly higher year on year, both in the first half of the year at €55,360 million (2020: €43,225 million; +28.1%; currency-adjusted: +31.1%) and in the second quarter 2021 at €28,582 million (2020: €19,973 million; +43.1%; currency-adjusted: +45.2%). The main factors driving revenue growth were better selling prices on the markets and higher sales volumes, in both cases benefiting from the Group's attractive product range and greater demand for individual mobility on the one hand and lower product availability worldwide caused by bottlenecks in the supply of semiconductors on the other. Pre-owned vehicle markets were influenced by the same set of factors, with higher sales and better selling prices of previously leased vehicles contributing to revenue growth.

Group cost of sales increased to €44,109 million (2020: €38,400 million; +14.9%) in the first half of 2021 and to €22,521 million (2020: €18,682 million; +20.5%) for the second quarter 2021, reflecting the higher volume of new vehicles and lease returns sold, in line with the increase in revenues. Rising prices for raw materials and the higher proportion of electrified vehicles also increased cost of sales. Lower allocations for credit risk allowances and reversals of impairment allowances had a positive effect compared to one year earlier. Furthermore, cost of sales benefited from improved remarketing outcomes on lease returns.

Both cost of sales and selling and administrative expenses were impacted by a number of additional factors. Fixed costs contained in these line items benefited from changeover effects amounting to €503 million relating to the modernisation of the pension model in Germany (see [note 13](#) to the Group Financial Statements) as well as from the reduced workforce size. At the same time, these positive effects were offset by higher expenses for performance-related remuneration components and ongoing structural measures.

Compared to the previous year, the net amount of other operating income and expenses improved by €859 million from €43 million to €902 million for the six-month period and from €37 million to €993 million for the second quarter, in both cases mainly due to the partial reversal of the provision for EU antitrust proceedings in the second quarter 2021.

Research and development expenditure totalling €2,574 million (2020: €2,852 million; -9.7%) was lower than one year earlier, when a higher level of capitalised development costs for future vehicle production start-ups had been recorded. Research and development expenses relate primarily to new models, the electrification of the vehicle fleet and automated driving.

In light of the above developments, Group profit before financial result rose significantly to €8,030 million in the first half of the year (2020: €709 million). The corresponding result for the second quarter turned around from a loss of €666 million to a profit of €5,005 million. As mentioned above, the main underlying factors were the growth in vehicle delivery volumes, improved selling prices, income recognised on the partial reversal of the provision for EU antitrust proceedings and lower risk provisioning expenses.

The financial result was a positive amount of €1,706 million (2020: negative €211 million) for the six-month period and a positive amount of €974 million (2020: positive €366 million) for the second quarter. The result from the Chinese joint venture BMW Brilliance Automotive Ltd., Shenyang, had a positive effect on the result from at-equity accounted investments. Owing to the continued recovery of the Chinese market in 2021, the Group's share of profit for the six-month period jumped to €1 billion (2020: €529 million; +89.0%). The Chinese market had been particularly influenced by the pandemic-related downturn in business in the first quarter of the previous year.

Other financial result improved significantly, turning around from a negative amount of €482 million to positive €767 million for the six-month period, including a considerable contribution of €433 million (2020: €82 million) for the second quarter. Whereas falling interest rates in the USA resulted in fair value measurement losses on interest rate hedges in the previous year, interest yield curves rose in the first and second quarters of the current financial year, resulting in fair value measurement gains on interest rate hedges. Other financial result was additionally impacted by positive valuation effects on investments in the iVentures fund for Xometry, Inc. and Chargepoint Holdings, Inc. as well as the favourable development of the SGL Carbon share.

Due to the various factors described above, Group profit before tax rose to €9,736 million (2020: €498 million) for the six-month period and to €5,979 million (2020: loss of €300 million) for the second quarter.

FINANCING ACTIVITIES

In the first half of 2021, the BMW Group issued bonds totalling approximately €4.0 billion on international capital markets, comprising one euro benchmark bond, one 144A transaction on the US capital market, one Panda bond on the Chinese capital market and one CAD bond, to refinance its business.

ABS transactions were also issued or prolonged in the USA, Japan, Canada, the UK, France, Germany and China with a total financing volume of approximately €6.0 billion.

Group liquidity totalled €18.5 billion (31 December 2020: €17.8 billion) and thus remains at a solid level.

BMW GROUP PERFORMANCE INDICATORS RELATING TO RESEARCH AND DEVELOPMENT EXPENSES

in € million	2nd quarter 2021 ¹	2nd quarter 2020	Change in %	1 January to 30 June 2021	1 January to 30 June 2020	Change in %
Research and development expenses	1,304	1,354	-3.7	2,737	2,734	0.1
Capitalised development costs	443	589	-24.8	734	965	-23.9
Amortisation	-460	-415	10.8	-897	-847	5.9
Research and development expenditure²	1,287	1,528	-15.8	2,574	2,852	-9.7

in %	2nd quarter 2021 ¹	2nd quarter 2020	Change in %pts	1 January to 30 June 2021	1 January to 30 June 2020	Change in %pts
Research and development expenses as a percentage of revenues	4.6	6.8	-2.2	4.9	6.3	-1.4
Research and development expenditure ratio ³	4.5	7.7	-3.2	4.6	6.6	-2.0
Capitalisation rate ⁴	34.4	38.5	-4.1	28.5	33.8	-5.3

¹ Supplementary information which was not subject of the audit review.

² Research and development expenditure comprises the sum of research and non-capitalised development cost and capitalised development cost (not including the associated scheduled amortisation).

³ Research and development expenditure as a percentage of Group revenues.

⁴ Capitalised development costs as a percentage of research and development expenditure.

AUTOMOTIVE SEGMENT

AUTOMOTIVE SEGMENT – OVERVIEW

		2nd quarter 2021 ¹	2nd quarter 2020 ¹	Change in %
Deliveries ^{2,3}	units	702,441	485,464 ⁴	44.7
Production volume ⁵	units	614,009	360,108	70.5
Revenues	€ million	24,983	14,878	67.9
Profit / loss before financial result (EBIT)	€ million	3,953	-1,554	-
Profit / loss before tax	€ million	4,750	-1,173	-
EBIT margin ²	%	15.8	-10.4	-
		1 January to 30 June 2021	1 January to 30 June 2020	Change in %
Deliveries ^{2,6}	units	1,339,047	962,575 ⁴	39.1
Production volume ⁷	units	1,283,127	944,250	35.9
Revenues	€ million	47,745	32,867	45.3
Profit / loss before financial result (EBIT)	€ million	6,189	-1,325	-
Profit / loss before tax	€ million	7,526	-1,093	-
EBIT margin ²	%	13.0	-4.0	-

STRONG FIRST HALF-YEAR FOR AUTOMOTIVE SEGMENT

The Automotive segment continued to perform well during the reporting period, achieving its best figures to date in terms of deliveries to customers in both the second quarter and the first half of 2021.

With a total of 1,339,047⁶ BMW, MINI and Rolls-Royce brand vehicles delivered to customers, the BMW Group can look back on an extremely successful first half of 2021 (2020: 962,575^{4,6} units; +39.1%), with year-on-year volume growth recorded in all major regions of the world. Momentum for growth is increasingly being provided by the sale of electrified vehicles, which more than doubled during the six-month period under report (2021: 153,243⁸ units; 2020: 61,652^{4,8} units; +148.6%). All three brands contributed to the BMW Group's overall successful performance in the first six months of the year, with the BMW brand recording a 39.9% increase in deliveries (2021: 1,178,210⁶ units; 2020: 842,153^{4,6} units), the MINI brand delivering 157,848 units (2020: 118,862⁴; +32.8%) and Rolls-Royce handing over 2,989 vehicles to customers (2020: 1,560⁴ units; +91.6%).

¹ Supplementary information which was not subject of the audit review.

² Key performance indicators reported on during the year.

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 186,206 units; 2020: 163,871 units)

⁴ For information regarding deliveries, L² see page 5, footnote 2.

⁵ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 170,266 units; 2020: 157,436 units)

⁶ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 362,044 units; 2020: 251,314 units)

⁷ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 336,800 units; 2020: 253,140 units)

⁸ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang.

In the second quarter 2021, the BMW Group delivered a total of 702,441¹ units to customers worldwide (2020: 485,464^{1,2} units; +44.7%), comprising 617,667¹ BMW brand vehicles (2020: 430,344^{1,2} units; +43.5%), 83,165 MINI brand vehicles (2020: 54,413² units; +52.8%) and 1,609 Rolls-Royce brand vehicles (2020: 707² units; +127.6%).

ELECTRIC VEHICLES AND PLUG-IN HYBRIDS AS GROWTH DRIVERS

Electric mobility is not only a key field of innovation for the BMW Group, it is also becoming an increasingly important growth driver in terms of business. Deliveries of electrified vehicles rose sharply during the period under report, growing by as much as 167.0% in the second quarter (2021: 83,036³ units; 2020: 31,095^{2,3} units) compared to one year earlier. As a result, the proportion of electrified vehicles to total deliveries rose to 11.8% in the second quarter (2020: 6.4%; +84.4%).

In the six-month period from January to June 2021, the number of fully electric and plug-in hybrid vehicles delivered more than doubled year-on-year by 148.6% to a total of 153,243³ units (2020: 61,652^{2,3} units). Demand was

particularly strong for the BMW Group's all-electric models, which jumped by 183.9% to 36,087³ units (2020: 12,712^{2,3} units). The proportion of electrified vehicles to total deliveries for the six-month period finished at 11.4% (2020: 6.4%; +78.1%).

In Germany, for instance, 21.8% of BMW brand vehicles delivered were electrified models. The all-electric MINI SE⁴ accounted for 20.7% of MINI brand deliveries in the first half of 2021. Overall, around 30% of newly registered MINI brand models in Germany are electrified.

BMW GROUP DELIVERIES OF ELECTRIFIED MODELS

in units	1 January to 30 June 2021	1 January to 30 June 2020 ^{2,5}	Change in %
PHEV	117,156	48,940	139.4
BEV	36,087	12,712	183.9
Total³	153,243	61,652	148.6

SALES VOLUME GROWTH IN ALL MAJOR REGIONS

In Europe, a total of 265,816 units were delivered in the second quarter 2021, a major step up compared to the same period last year (2020: 151,730² units; +75.2%). With deliveries up by more than one third (+35.4%) to 504,834 units, the BMW Group can look back on a highly successful first half-year in Europe (2020: 372,754² units). In Germany, sales of BMW, MINI and Rolls-Royce brand vehicles were all significantly higher than one year earlier, rising by 45.7% to 73,362 units (2020: 50,358² units) for the period from April to June and by 16.9% to 136,058 units (2020: 116,362² units) for the six-month period.

¹ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 186,206 units; 2020: 163,871 units)

² For information regarding deliveries, ^L see page 5, footnote 2.

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang.

⁴ ^L Fuel consumption and CO₂ emissions information are available on page 60.

⁵ Supplementary information which was not subject of the audit review.

Figures in the Americas also picked up well during the period under report, reaching 128,792 units in the second quarter (2020: 70,502¹ units; +82.7%) and bringing the total number to 225,144 units for the six-month period (2020: 152,580¹ units; +47.6%). In the USA, the BMW Group was able to build on its excellent first-quarter performance, recording a total of 106,369 deliveries during the period from April to June (2020: 56,425¹ units; +88.5%). The number of vehicles sold in this market therefore grew by more than half to 184,436 units (2020: 121,318¹ units; 52.0%).

In Asia, the BMW Group sold a total of 292,654² BMW, MINI and Rolls-Royce brand vehicles in the second quarter 2021, significantly more than in the previous year (2020: 253,942^{1,2} units; +15.2%). Deliveries were also well up for the six-month period, rising to 580,351³ units (2020: 416,882^{1,3} units; +39.2%). The BMW Group continues to perform extremely well in China, recording 11.7% growth to 237,763² units in the second quarter (2020: 212,870^{1,3} units) and 42.0% growth to 467,956³ units for the six-month period (2020: 329,447^{1,3} units).

AUTOMOTIVE SEGMENT – DELIVERIES BY REGION AND MARKET

in units	2nd quarter 2021 ⁴	2nd quarter 2020 ¹	Change in %	1 January to 30 June 2021	1 January to 30 June 2020 ¹	Change in %
Europe	265,816	151,730	75.2	504,834	372,754	35.4
thereof Germany	73,362	50,358	45.7	136,058	116,362	16.9
thereof UK	45,228	19,445	132.6	87,641	63,919	37.1
Americas	128,792	70,502	82.7	225,144	152,580	47.6
thereof USA	106,369	56,425	88.5	184,436	121,318	52.0
Asia	292,654 ²	253,942 ²	15.2	580,351 ³	416,882 ³	39.2
thereof China	237,763 ²	212,870 ²	11.7	467,956 ³	329,447 ³	42.0
Other markets	15,179	9,290	63.4	28,718	20,359	41.1
Total	702,441²	485,464²	44.7	1,339,047³	962,575³	39.1

¹ For information regarding deliveries, see page 5, footnote 2.

² Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 186,206 units; 2020: 163,871 units)

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 362,044 units; 2020: 251,314 units)

⁴ Supplementary information which was not subject of the audit review.

BMW BRAND – DELIVERIES BY MODEL SERIES

in units	1 January to 30 June 2021	1 January to 30 June 2020 ¹	Change in %
BMW 1 Series / 2 Series	149,633	107,234	39.5
BMW 3 Series / 4 Series	273,072	175,683	55.4
BMW 5 Series / 6 Series	179,045	135,593	32.0
BMW 7 Series / 8 Series	34,731	29,121	19.3
BMW Z4	8,290	7,276	13.9
BMW X1 / X2	172,042	127,535	34.9
BMW X3 / X4	202,916	146,194	38.8
BMW X5 / X6	118,718	82,677	43.6
BMW X7	26,902	20,506	31.2
BMW i	12,861	10,334	24.5
BMW total	1,178,210	842,153	39.9

DELIVERIES OF BMW BRAND VEHICLES

The BMW brand recorded a considerable increase in sales worldwide on the back of strong demand for its highly attractive models, with deliveries of 617,667² units in the second quarter 2021 (2020: 430,344^{1,2} units; +43.5%), bringing the half-year total to 1,178,210³ units (2020: 842,153^{1,3} units; +39.9%). One of the key growth drivers behind this performance was the high-volume BMW 3 Series, which continued to demonstrate its great appeal to customers with deliveries up by almost one half (+49.1%). Six-month sales of the BMW 5 Series rose by 33.3%, underlining its strong position in the premium upper mid-range segment. The BMW X3, which is now available with four different types of drivetrain – all-electric⁴,

plug-in hybrid⁴ and highly efficient diesel and petrol versions – recorded volume growth of 43.9% in the first six months of 2021.

MINI BRAND ACHIEVES SIGNIFICANT SALES VOLUME GROWTH

The MINI brand also made a key contribution to the BMW Group's excellent performance during the period under report, with deliveries worldwide up by 52.8% to 83,165 units in the second quarter (2020: 54,413¹ units) and by almost one third to 157,848 units (2020: 118,862¹; +32.8%) for the six-month period. The brand's

sales figures rose in all major regions of the world. Electrified MINI models were particularly popular among customers. Together, the all-electric MINI SE⁴ and the MINI Countryman Plug-in Hybrid⁴ accounted for more than 15% of the brand's total sales volume worldwide in the first half of the year.

ROLLS-ROYCE MOTOR CARS – WORLDWIDE DELIVERIES ALMOST DOUBLED

The past six-month period was a highly successful one for Rolls-Royce Motor Cars. Between April and June, 1,609 units of the ultra-luxury brand were delivered to customers (2020: 707 units¹; +127.6%), as a result of which deliveries during the first half of the year almost doubled to 2,989 units (2020: 1,560¹ units; +91.6%). The launch of the Ghost⁴ successor model at the end of the previous year contributed strongly to the sales growth recorded in the period under report.

¹ For information regarding deliveries, see page 5, footnote 2.

² Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 186,206 units; 2020: 163,871 units)

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 362,044 units; 2020: 251,314 units)

⁴ Fuel consumption and CO₂ emissions information are available on page 60.

AUTOMOTIVE SEGMENT EARNINGS UP SIGNIFICANTLY

Segment gross profit amounted to €8,685 million for the six-month period (2020: €2,073 million) and €4,639 million for the second quarter (2020: €55 million). The main factors positively influencing revenues were higher sales volume, a more favourable model mix, improved selling prices and revenue growth for spare parts and accessories. In the previous year, customer demand was negatively impacted by a combination of the coronavirus pandemic and related containment measures such as lockdowns and dealership closures.

The ongoing positive situation on pre-owned vehicle markets, reflected in improved residual values, also contributed to the rise in gross profit. The changeover effects arising from the modernisation of the pension model in Germany (as described above) also had a favourable impact.

At the same time, however, rising raw materials prices and higher expenses due to the increasing proportion of electrified vehicles had a negative impact on cost of sales. Higher additions to provisions for performance-related remuneration components also caused cost of sales to rise.

Selling and administrative expenses attributable to the segment were slightly down on the previous year, positively impacted by the revised pension model and the lower workforce size brought about by ongoing structural measures, while higher expenses for performance-related remuneration components had an offsetting effect.

The higher net positive amount of other operating income and expenses was largely attributable to the partial reversal of the provision for EU antitrust proceedings in the second quarter, as described above.

Due to the various factors described above, profit before financial result (EBIT) for the Automotive segment climbed to €6,189 million (2020: loss of €1,325 million) for the six-month period and to €3,953 million (2020: loss of €1,554 million) for the second quarter. Not least due to the strong operating performance, the EBIT margin for the segment improved to 13.0 % (2020: negative EBIT margin of 4.0 %) for the six-month period and to 15.8 % (2020: negative EBIT margin of 10.4 %) for the period from April to June 2021.

The financial result for the segment was a net positive amount of €1,337 million (2020: €232 million) for the six-month period and €797 million (2020: €381 million) for the second quarter. As described above, the main driving factors in this respect were the improved result from the at-equity accounted Chinese joint venture BMW Brilliance Automotive Ltd., Shenyang, and positive valuation effects recognised in other financial result arising on the investments in the BMW iVentures fund for Xometry, Inc. and Chargepoint Holdings, Inc. as well as the favourable development of the SGL Carbon share.

The segment recorded a profit before tax of €7,526 million (2020: loss of €1,093 million) for the six-month period and a profit of €4,750 million (2020: loss of €1,173 million) for the second quarter.

AUTOMOTIVE SEGMENT – FREE CASH FLOW FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE

in € million	2021	2020	Change
Cash inflow (+)/ outflow (–) from operating activities	7,251	–600	7,851
Cash inflow (+)/ outflow (–) from investing activities	–2,360	–775	–1,585
Net investment in marketable securities and investment funds	11	–1,138	1,149
Free cash flow Automotive segment	4,902	–2,513	7,415

Free cash flow generated by the Automotive segment in the six-month period to 30 June 2021 totalled €4,902 million. The increase in cash flows from operating activities mainly reflected higher earnings before tax and the favourable development of working capital. The improvement in working capital was mainly attributable to the combined effect of lower inventories and higher trade payables. Production restrictions due to bottlenecks

in the supply of semiconductors as well as additional optimisation measures combined with systematic working capital management resulted in a low level of inventories. In the previous year, the dividend received from BMW Brilliance Automotive Ltd., Shenyang, had a positive impact on cash inflows from investing activities and hence on cash flow in general.

AUTOMOTIVE SEGMENT – NET FINANCIAL ASSETS

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

in € million	30. 6. 2021	31.12. 2020	Change
Cash and cash equivalents	11,183	9,522	1,661
Marketable securities and investment funds	3,782	3,759	23
Intragroup net financial assets	9,376	7,996	1,380
Financial assets	24,341	21,277	3,064
Less: external financial liabilities*	–2,735	–2,815	80
Net financial assets Automotive segment	21,606	18,462	3,144

* Excluding derivative financial instruments.

FINANCIAL SERVICES SEGMENT

FINANCIAL SERVICES SEGMENT AT A GLANCE

		2nd quarter 2021 ¹	2nd quarter 2020	Change in %
New contracts with retail customers		540,279	354,765	52.3
Revenues	€ million	8,200	6,658	23.2
Profit / loss before financial result (EBIT)	€ million	1,128	77	–
Profit / loss before tax	€ million	1,149	97	–

		1 January to 30 June 2021	1 January to 30 June 2020	Change in %
New contracts with retail customers		1,029,345	804,452	28.0
Revenues	€ million	16,106	14,256	13.0
Profit / loss before financial result (EBIT)	€ million	1,895	619	–
Profit / loss before tax	€ million	1,936	581	–

		30. 6. 2021	31. 12. 2020	Change in %
Contract portfolio with retail customers		5,638,482	5,591,799	0.8
Business volume in balance sheet terms ²	€ million	136,806	133,093	2.8

¹ Supplementary information which was not subject of the audit review.

² Calculated on the basis of the lines Leased products and Receivables from sales financing (current and non-current) of the Financial Services segment balance sheet.

FINANCIAL SERVICES SEGMENT ON COURSE FOR SUCCESS

The BMW Group's strong performance in the first half of 2021 is also reflected in results reported by the Financial Services segment. After the negative impact on business during the corona year 2020, growth in new business with leasing and financing products brought about a significant improvement in segment earnings. From a balance sheet perspective, segment business volume increased slightly compared to 31 December 2020.

FINANCIAL SERVICES SEGMENT EARNINGS IMPROVE SIGNIFICANTLY IN SECOND QUARTER

Revenues generated by the Financial Services segment continued to grow in the second quarter 2021, particularly due to positive effects from business with end-of-contract leasing vehicles. Moreover, pre-owned vehicle markets, particularly in the USA and the UK, saw a noticeable upturn. High revenues generated on the sale of lease returns had a correspondingly upward impact on segment profit. Reported earnings also benefitted from reversal of allowances for credit risks. At the same time, credit losses remained unchanged at a very low level in the second quarter 2021. The same three-month period one year earlier was still marked by a high degree of uncertainty due to the course of the coronavirus pandemic, which necessitated additional risk provisioning at that stage for expected credit and residual value risks.

SIGNIFICANT GROWTH IN NEW BUSINESS WITH RETAIL CUSTOMERS

In total, 1,029,345 new credit financing and leasing contracts were signed with retail customers during the period from January to June 2021, easily exceeding the level recorded prior to the outbreak of the coronavirus pandemic by 28.0% (2020: 804,452 contracts).

New business with retail customers recovered in almost all regions of the world, with good growth rates recorded for credit financing (+30.1%) and leasing business (+23.6%). Overall, leasing accounted for 32.0% and credit financing for 68.0% of new business in the first six months of 2021.

Between January and June 2021, a total of 209,821 credit financing and leasing contracts were signed for pre-owned BMW and MINI brand vehicles (2020: 186,804 contracts; +12.3%). Demand for pre-owned BMW and MINI brand vehicles increased, particularly in Europe and the USA.

The total volume of all new credit financing and leasing contracts concluded with retail customers during the six-month period under report amounted to €32,445 million, representing a marked increase on the previous year (2020: €25,057 million; +29.5%). All regions recorded significant year-on-year growth.

Over the six-month period, 50.2%¹ of new BMW Group vehicles were either leased or financed by the Financial Services segment (2020: 51.3%; -1.1 percentage points).

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

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

At 30 June 2021, a total of 5,638,482 credit financing and leasing contracts were in place with retail customers, similar to the level recorded at the end of 2020 (31 December 2020: 5,591,799 contracts; +0.8%). While the contract portfolio grew only slightly in the Asia/Pacific region (+1.0%), a significant increase of 9.2% was recorded in China. In the Europe/Middle East/Africa (-0.1%) and Americas (-0.4%) regions, the number of contracts in place at 30 June 2021 remained approximately at the previous financial year's level. The portfolio of contracts with retail customers in the EU Bank² region declined by 1.7%.

FLEET BUSINESS SLIGHTLY DOWN ON PREVIOUS YEAR

Under the brand name Alphabet, the Financial Services segment's fleet management business offers leasing and financing arrangements as well as related services to commercial customers. These services also include assisting customers to manage their fleets on a sustainable and climate-friendly basis. A portfolio of 692,181 fleet contracts was in place at 30 June 2021 (31 December 2020: 704,977 contracts; -1.8%).

DEALERSHIP FINANCING SIGNIFICANTLY DOWN ON PREVIOUS YEAR

In the first half of the current year, the total volume of dealership financing decreased significantly by 12.9% year on year to €14,143 million (31 December 2020: €16,241 million) due to lower vehicle inventories.

OTHER ENTITIES SEGMENT AND ELIMINATIONS

In the Other Entities segment, profit before tax amounted to €265 million for the six-month period (2020: loss before tax of €408 million) and €124 million for the second quarter (2020: loss before tax of €64 million). Other financial result reported for the Other Entities segment was impacted by fair value measurement gains on interest rate hedges entered into with matching maturities in conjunction with the refinancing of Financial Services business, with interest rates currently rising rather than falling as they were one year earlier. Eliminations turned around to a negative amount of €275 million (2020: positive amount of €1,354 million) for the six-month period and to a negative amount of €193 million (2020: positive amount of €848 million) for the second quarter. The negative impact of eliminations in 2021 to date reflects the higher volume of new leasing business resulting from increased vehicle sales volume on the one hand and higher contract values based on model mix on the other. In the previous year, by contrast, reversal effects from the leased products portfolio and lower eliminations due to the decline in new leasing business impacted earnings favourably. Moreover, eliminations decreased in the previous year due to the lower expected new leasing business in light of lower dealership inventories.

REPORT ON OUT-LOOK, RISKS AND OPPORTUNITIES

OUTLOOK

The report on outlook, risks and opportunities describes the expected development of the BMW Group, including significant risks and opportunities, from a Group management perspective. It contains forward-looking statements based on expectations and assessments that are subject to uncertainty. Actual business developments could deviate both positively and negatively from the expectations described below, partially due to the political, legal and economic environment, but also in connection with developments relating to the corona pandemic and the supply situation for semiconductors. Further information is provided in the BMW Group Report 2020 (Outlook, pp. 159 and Risks and opportunities, pp. 164).

INTERNATIONAL AUTOMOBILE MARKETS 2021

Following the slump in the global economy last year, the International Monetary Fund (IMF) is currently projecting global economic growth of around 6.0% for 2021 as a whole. The scale of this growth is also likely to benefit automobile markets. Based on current expectations, registration figures are therefore also likely to increase sharply over the full twelve-month period. However, the actual development of registration figures in the second half of the year will be influenced to a great extent by the further course of the corona pandemic, particularly the spread of virus mutations, as well as by the ongoing tight supply situation for semiconductor components. The BMW Group currently expects international automobile markets to develop as follows over the course of the year:

	Change compared to previous year in %
EU 27	+5.3
thereof Germany	-0.6
thereof France	+9.1
thereof Italy	+11.2
thereof Spain	+4.3
UK	+10.2
USA	+14.1
China	+10.3
Japan	+6.0
Total	+9.5

OUTLOOK FOR THE BMW GROUP ASSUMPTIONS USED IN THE OUTLOOK

For the year 2021, the BMW Group expects business to develop positively overall, with a continuation of the upward year-on-year trend. The key risk factors likely to determine the outcome of the financial year as a whole remain the further course of the corona pandemic, the critical supply situation for semiconductor components and the development of prices on international raw materials markets.

As in the previous year, the coronavirus pandemic will continue to impact business performance in 2021. For the remainder of the forecast period, the BMW Group is working on the assumption that the original widespread prevalence of the infection will be replaced by recurrent hotspots of a more regional nature. In these cases, however, it should be possible to control its proliferation. The BMW Group also expects that the rollout of vaccination campaigns around the world, together with a generally better supply of the required vaccines, will have an increasingly positive impact by the end of 2021. Uncertainties remain, however, due to the emergence and potentially rapid spread of viral mutations, as currently observed with the so-called delta variant, as well as in terms of the ability of the vaccines currently available to deal with these mutations. It is not currently possible to assess the extent to which these risks could impact the global economy, the financial markets and therefore the BMW Group and, for this reason, they have not been taken into account in the outlook.

Recent observations indicate that the situation on the international semiconductor markets is intensifying. A combination of unabated high demand and limited capacity in the value-added chain means that the supply of semiconductor elements is likely to remain tight during the second half of the year. There is therefore an ongoing risk that the supply bottleneck could affect the availability of semiconductor components required for in-house production.

The economic recovery currently in progress across most regions of the world is also pushing up commodity prices worldwide and generally causing a high degree of volatility.

The BMW Group considers that (geo)political tensions are also likely to remain a source of uncertainty. However, it does not currently anticipate any further increases in customs tariffs.

OVERALL ASSESSMENT BY GROUP MANAGEMENT

The BMW Group reaffirms its positive outlook for the financial year 2021.

Despite the generally volatile situation and the negative impact of the coronavirus pandemic, the BMW Group expects business to develop positively and the risk situation to remain stable for the remainder of the financial year 2021. Driven by its range of new and attractive automobile and motorcycle models and the wide range of services on offer to promote individual mobility, Group profit before tax is expected to increase significantly in the forecast period.

The Automotive segment is expected to record a solid year-on-year increase in the number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers. At the same time, based on its latest forecast, the BMW Group expects to achieve another significant reduction in carbon emissions for its EU new vehicle fleet¹, calculated using the revised base. In addition to improvements achieved through the further development of highly efficient internal combustion engines, the expected reduction also reflects the considerable increase in the forecast proportion of electrified vehicles sold. According to the Group's planning, carbon emissions per vehicle produced² are likely to fall moderately.

The Automotive segment's EBIT margin is set to recover year on year and finish within a range of 7 to 9% in 2021 (previous forecast: 6 to 8%). The increase of one percentage point in the target range is attributable to the earnings-relevant partial reversal of the provision for EU antitrust proceedings in the second quarter 2021. The Return on Capital Employed (RoCE)³ of the Automotive segment is forecast to increase significantly.

The Financial Services segment continued to perform extremely well in the second quarter 2021. In light of the positive development of residual values for BMW Group vehicles, the reversal of credit risk allowances and the strong operating performance in the second quarter, segment profit before tax was significantly higher than one year earlier. Based on current estimates, the BMW Group also expects the risk provisioning expense for credit and residual value risks in the second half of 2021 to be lower than previously assumed in the Quarterly Statement for the period ended 31 March 2021.

For this reason, the BMW Group now expects the Return on Equity (RoE)⁴ for the Financial Services segment to finish within a range of 17 to 20% (previous forecast: 12 to 15%). The switch to a forecast range for RoE

(as reported for the first time in the integrated BMW Group Report 2020) is designed to provide a narrower and therefore more precise outlook.

The Motorcycles segment is expected to record a significant increase in deliveries due to the positive market trend (previous forecast: solid increase). The EBIT margin is predicted to lie within a target range of 8 to 10%, leading to a significantly higher RoCE³ than one year earlier.

The proportion of women in management positions in the BMW Group is expected to increase slightly during the outlook period.

The targets described above are to be met with a slightly lower number of employees. Ongoing uncertainties – particularly regarding the further course of the coronavirus pandemic as well as macroeconomic and political developments – could cause economic conditions in many regions to differ quite considerably from expected trends and developments. All or any of these factors are capable of having a significant impact on the overall business performance of the BMW Group. Furthermore, the Group's actual business performance may also differ from current expectations as a result of the risks and opportunities listed and explained in the BMW Group Report 2020 (Risks and opportunities pp. 164).

¹ EU including Norway and Iceland; since 2018 determined in accordance with the WLTP (Worldwide Harmonised Light Vehicles Test Procedure) and converted back to the New European Driving Cycle (NEDC) for years up to and including 2020.

² Efficiency indicator calculated from Scope 1 and Scope 2 carbon emissions (market-based method according to GHG Protocol Scope 2 Guidance). This excludes climate-impacting gases other than CO₂ that are emitted in conjunction with vehicle production (excluding motorcycles), adjusted for CHP losses and divided by the total number of vehicles produced, including the BMW Brilliance Automotive Ltd. joint venture, Shenyang, but excluding vehicles produced by the contract manufacturers Magna Steyr and Nedcar.

³ RoCE in the Automotive and Motorcycles segments is measured on the basis of relevant segment profit before financial result and the average amount of capital employed in the segment concerned. Capital employed corresponds to the sum of all current and non-current operational assets, less liabilities that generally do not incur interest.

⁴ RoE in the Financial Services segment is calculated as segment profit before taxes, divided by the average amount of equity capital attributable to the Financial Services segment balance sheet.

BMW GROUP – KEY PERFORMANCE INDICATORS

Based on current knowledge and assessments, the key performance indicators of the BMW Group for the full year 2021 are as follows:

		2020 reported	2020 adjusted	2021 Outlook reported ¹	2021 Outlook updated ¹
GROUP					
Profit before tax	€ million	5,222	–	Significant increase	–
Workforce at year-end		120,726	–	Slight decrease	–
Share of women in management positions in the BMW Group	%	17.8	–	Slight increase	–
AUTOMOTIVE SEGMENT					
Deliveries	units	2,324,809 ²	–	Solid increase	–
Share of electrified vehicles in deliveries	%	8.3	–	Significant increase	–
CO ₂ emissions EU new vehicle fleet ³	g / km	99 ⁶	135 ⁷	Significant decrease	–
CO ₂ emissions per vehicle produced ⁴	tons	0.23	0.31 ⁸	Moderate decrease	–
EBIT margin	%	2.7	–	between 6 and 8	between 7 and 9
Return on capital employed (RoCE) ⁵	%	12.7	–	Significant increase	–
MOTORCYCLES SEGMENT					
Deliveries	units	169,272	–	Solid increase	Significant increase
EBIT margin	%	4.5	–	between 8 and 10	–
Return on capital employed (RoCE) ⁵	%	15.0	–	Significant increase	–
FINANCIAL SERVICES SEGMENT					
Return on equity (RoE)	%	11.2	–	between 12 and 15	between 17 and 20

¹ Based on 2020 adjusted; for the definition of forecast ranges, see BMW Group Report 2020, Glossary p. 329.

² Includes vehicles manufactured by the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 602,247 units).

³ EU including Norway and Iceland; since 2018 determined in accordance with the WLTP (Worldwide Harmonised Light Vehicles Test Procedure) and converted back to the New European Driving Cycle (NEDC) for years up to and including 2020.

⁴ Efficiency indicator calculated from Scope 1 and Scope 2 carbon emissions (market-based method according to GHG Protocol Scope 2 Guidance). This excludes climate-impacting gases other than CO₂ that are emitted in conjunction with vehicle production (excluding motorcycles), adjusted for CHP losses and divided by the total number of vehicles produced, including the BMW Brilliance Automotive Ltd. joint venture, Shenyang, but excluding vehicles produced by the contract manufacturers Magna Steyr and Nedcar.

⁵ Unlike the other key performance indicators, the RoCE forecast for the Automotive and Motorcycles segments is based on the change in percentage points.

⁶ Value (internal calculation) takes account of flexibilities as defined in regulatory requirements: phase-in with 5 g/km, super-credits BEV/PHEV with 7.5 g/km and eco-innovations with 2.4 g/km.

⁷ The CO₂ fleet emissions figure of 99 g/km for the year 2020, as measured internally, is based on NEDC and takes account of permitted offsetting factors (phase-in, supercredits and eco-innovations). The CO₂ fleet emission forecast for 2021 is based on WLTP in accordance with legal requirements and includes fewer offsetting factors due to the fact that phase-in is no longer permitted for 2021 and the BMW Group fully utilised the maximum amount of super-credits in 2020. For better comparability of the CO₂ fleet emissions forecast for 2021 and the fleet value for 2020, the 2020 figure has been converted internally from a NEDC basis (including offsetting factors) to a WLTP basis (excluding offsetting factors). The figure derived for 2020 serves only to enable reconciliation with the 2021 figure; it is not officially recognised and does not correspond to legislation that was in place in 2020.

⁸ From 2021, carbon emissions according to Scope 1 and 2 include not only production emissions but also those generated at locations not directly related to production, such as research centres, distribution centres and office buildings. The figure was subject to a separate limited assurance engagement as part of the audit of the BMW Group Report 2020.

RISKS AND OPPORTUNITIES

As a globally operating enterprise, the BMW Group is exposed to a broad range of risks and opportunities. In order to drive growth, boost profitability, bolster efficiency and operate sustainably going forward, the BMW Group also needs to take calculated risks. The Group's corporate success is based on leveraging perceived opportunities as they present themselves.

The procurement of many raw materials such as steel, copper, nickel and aluminium remain subject to volatility. The focus continues to be on the precious metals rhodium and palladium, which are deployed in the automotive industry in various processes to reduce emissions. The BMW Group mitigates the risk of rising prices by concluding long-term supply contracts and by means of derivative hedging transactions.

In an antitrust investigation, the EU Commission had alleged that five German car manufacturers colluded with the aim of restricting competition for innovation with regard 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 unlawful manipulation of the emissions control system. Based on BMW AG's detailed

submissions, the EU Commission significantly narrowed the scope of its charges, the proceeding was settled on 8 July 2021, and a fine in an amount of approximately €373 million was issued. BMW AG had recognised the original provision of approximately €1.4 billion back in 2019 in accordance with International Financial Reporting Standards and was now able to release the amount of the provision exceeding the fine and to recognise it in the income statement.

On 14 July 2021, the EU Commission presented its "Fit for 55" initiative, which includes a comprehensive package of proposed climate protection legislation aimed at making Europe the first climate-neutral continent by 2050. The package also envisages far more rigorous decarbonisation targets. The stated aim is to reduce the average carbon emissions of new cars by 55% from 2030 compared to 2021. The proposals will be discussed in the EU Parliament and at member state level over the coming months. The outcome of the complex set of legislative initiatives is not expected before the second half of 2022.

Changes in the BMW Group's risk profile are continuously assessed and factored into the current and long-term forecasts as deemed necessary.

Further information on risks and opportunities as well as on the methods employed to manage them is also available in the Report on Risks and Opportunities within the integrated BMW Group Report 2020 (pp. 167).

INTERIM GROUP FINANCIAL STATEMENTS

- 29** **Income Statement for Group and Segments
for the period from 1 January to 30 June**
- 30** **Condensed Statement of Comprehensive Income for
Group for the period from 1 January to 30 June**
- 31** **Income Statement for Group and Segments
for the period from 1 April to 30 June**
- 32** **Condensed Statement of Comprehensive Income for
Group for the period from 1 April to 30 June**
- 33** **Balance Sheet for Group and Segments
at 30 June 2021**
- 35** **Condensed Cash Flow Statement for Group and
Segments for the period from 1 January to 30 June**
- 36** **Statement of Changes in Equity**
- 37** **Notes to the Group Financial Statements**
- 37** Accounting Principles and Policies
- 40** Notes to the Income Statement
- 42** Notes to the Balance Sheet
- 45** Other Disclosures
- 53** Segment Information
- 57** **Responsibility Statement by the Company's Legal
Representatives**
- 58** **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		Financial Services ¹		Other Entities ¹		Eliminations ¹	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	4	55,360	43,225	47,745	32,867	1,621	1,079	16,106	14,256	2	1	-10,114	-4,978
Cost of sales		-44,109	-38,400	-39,060	-30,794	-1,224	-904	-13,572	-12,994	-	-	9,747	6,292
Gross profit		11,251	4,825	8,685	2,073	397	175	2,534	1,262	2	1	-367	1,314
Selling and administrative expenses		-4,123 ²	-4,159	-3,377	-3,414	-114	-110	-621	-626	-29	-14	18	5
Other operating income	5	1,307	517	1,269	549	1	-	15	10	24	79	-2	-121
Other operating expenses	5	-405	-474	-388	-533	-	-	-33	-27	-2	-41	18	127
Profit / loss before financial result		8,030	709	6,189	-1,325	284	65	1,895	619	-5	25	-333	1,325
Result from equity accounted investments		975	404	975	404	-	-	-	-	-	-	-	-
Interest and similar income		59	56	113	136	-	-	1	2	447	654	-502	-736
Interest and similar expenses		-95	-189	-160	-281	-	-1	-2	-2	-493	-670	560	765
Other financial result	6	767	-482	409	-27	-	-	42	-38	316	-417	-	-
Financial result		1,706	-211	1,337	232	-	-1	41	-38	270	-433	58	29
Profit / loss before tax		9,736	498	7,526	-1,093	284	64	1,936	581	265	-408	-275	1,354
Income taxes	7	-2,113	-136	-1,630	293	-62	-18	-423	-159	-58	113	60	-365
Net profit / loss		7,623	362	5,896	-800	222	46	1,513	422	207	-295	-215	989
Attributable to minority interest		43	38	5	5	-	-	38	34	-	-1	-	-
Attributable to shareholders of BMW AG		7,580	324	5,891	-805	222	46	1,475	388	207	-294	-215	989
Basic earnings per share of common stock in €		11.49	0.49										
Basic earnings per share of preferred stock in €		11.50	0.50										
Dilutive effects		-	-										
Diluted earnings per share of common stock in €		11.49	0.49										
Diluted earnings per share of preferred stock in €		11.50	0.50										

¹ Supplementary information which was not subject of the audit review.

² Includes administrative expenses amounting to €1,821 million (2020: €1,750 million).

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

in € million	2021	2020
Net profit / loss	7,623	362
Remeasurement of the net liability for defined benefit pension plans	839	174
Items not expected to be reclassified to the income statement in the future	839	174
Marketable securities (at fair value through other comprehensive income)	-18	-13
Derivative financial instruments	119	428
Costs of hedging	41	32
Other comprehensive income from equity accounted investments	55	22
Currency translation foreign operations	662	-783
Items that can be reclassified to the income statement in the future	859	-314
Other comprehensive income for the period after tax	1,698	-140
Total comprehensive income	9,321	222
Total comprehensive income attributable to minority interest	43	38
Total comprehensive income attributable to shareholders of BMW AG	9,278	184

INCOME STATEMENT FOR GROUP AND SEGMENTS FOR THE PERIOD FROM 1 APRIL TO 30 JUNE¹

in € million	Note	Group		Automotive		Motorcycles		Financial Services		Other Entities		Eliminations	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	4	28,582	19,973	24,983	14,878	868	522	8,200	6,658	1	–	–5,470	–2,085
Cost of sales		–22,521	–18,682	–20,344	–14,823	–659	–476	–6,750	–6,265	–	–	5,232	2,882
Gross profit		6,061	1,291	4,639	55	209	46	1,450	393	1	–	–238	797
Selling and administrative expenses		–2,049 ²	–1,994	–1,659	–1,628	–61	–53	–321	–306	–19	–7	11	–
Other operating income	5	1,137	267	1,111	276	1	–	12	5	19	40	–6	–54
Other operating expenses	5	–144	–230	–138	–257	–	–	–13	–15	–	–20	7	62
Profit / loss before financial result		5,005	–666	3,953	–1,554	149	–7	1,128	77	1	13	–226	805
Result from equity accounted investments		546	364	546	364	–	–	–	–	–	–	–	–
Interest and similar income		35	29	63	51	–	–	1	1	213	309	–242	–332
Interest and similar expenses		–40	–109	–74	–149	–	–1	–1	–1	–240	–333	275	375
Other financial result	6	433	82	262	115	–	–	21	20	150	–53	–	–
Financial result		974	366	797	381	–	–1	21	20	123	–77	33	43
Profit / loss before tax		5,979	–300	4,750	–1,173	149	–8	1,149	97	124	–64	–193	848
Income taxes	7	–1,189	88	–947	313	–29	2	–228	–22	–25	20	40	–225
Net profit / loss		4,790	–212	3,803	–860	120	–6	921	75	99	–44	–153	623
Attributable to minority interest		21	18	2	1	–	–	19	18	–	–1	–	–
Attributable to shareholders of BMW AG		4,769	–230	3,801	–861	120	–6	902	57	99	–43	–153	623
Basic earnings per share of common stock in €		7.23	–0.35										
Basic earnings per share of preferred stock in €		7.24	–0.34										
Dilutive effects		–	–										
Diluted earnings per share of common stock in €		7.23	–0.35										
Diluted earnings per share of preferred stock in €		7.24	–0.34										

¹ Supplementary information which was not subject of the audit review.

² Includes administrative expenses amounting to €890 million (2020: €844 million).

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

in € million	2021	2020
Net profit / loss	4,790	-212
Remeasurement of the net liability for defined benefit pension plans	423	-1,147
Items not expected to be reclassified to the income statement in the future	423	-1,147
Marketable securities (at fair value through other comprehensive income)	-3	34
Derivative financial instruments	236	336
Costs of hedging	-11	104
Other comprehensive income from equity accounted investments	6	40
Currency translation foreign operations	-95	-275
Items that can be reclassified to the income statement in the future	133	239
Other comprehensive income for the period after tax	556	-908
Total comprehensive income	5,346	-1,120
Total comprehensive income attributable to minority interest	21	18
Total comprehensive income attributable to shareholders of BMW AG	5,325	-1,138

* Supplementary information which was not subject of the audit review.

BALANCE SHEET FOR GROUP AND SEGMENTS AT 30 JUNE 2021

in € million	Note	Group		Automotive*		Motorcycles*		Financial Services*		Other Entities*		Eliminations*	
		30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
ASSETS													
Intangible assets	8	12,151	12,342	11,618	11,809	159	155	373	377	1	1	–	–
Property, plant and equipment	9	21,466	21,850	20,997	21,371	402	401	67	78	–	–	–	–
Leased products		43,735	41,995	–	–	–	–	50,845	48,759	–	–	–7,110	–6,764
Investments accounted for using the equity method		4,616	3,585	4,616	3,585	–	–	–	–	–	–	–	–
Other investments		1,273	735	5,151	4,711	–	–	20	20	7,054	6,938	–10,952	–10,934
Receivables from sales financing		50,193	48,025	–	–	–	–	50,261	48,082	–	–	–68	–57
Financial assets	10	2,023	2,644	683	559	–	–	160	161	1,191	1,939	–11	–15
Deferred tax		2,718	2,459	3,318	3,196	–	–	612	550	72	131	–1,284	–1,418
Other assets		1,338	1,216	2,839	2,861	31	33	2,955	2,929	39,393	41,860	–43,880	–46,467
Non-current assets		139,513	134,851	49,222	48,092	592	589	105,293	100,956	47,711	50,869	–63,305	–65,655
Inventories		15,016	14,896	13,834	13,391	631	687	551	818	–	–	–	–
Trade receivables		2,661	2,298	2,335	1,979	193	219	133	100	–	–	–	–
Receivables from sales financing		35,700	36,252	–	–	–	–	35,700	36,252	–	–	–	–
Financial assets	10	5,529	5,108	4,411	4,152	–	–	664	612	515	392	–61	–48
Current tax	11	951	606	153	342	–	–	66	64	732	200	–	–
Other assets		9,187	9,110	35,849	33,747	3	2	5,566	5,952	56,242	52,625	–88,473	–83,216
Cash and cash equivalents		14,252	13,537	11,183	9,522	10	5	2,565	2,863	494	1,147	–	–
Current assets		83,296	81,807	67,765	63,133	837	913	45,245	46,661	57,983	54,364	–88,534	–83,264
Total assets		222,809	216,658	116,987	111,225	1,429	1,502	150,538	147,617	105,694	105,233	–151,839	–148,919

* Supplementary information which was not subject of the audit review.



in € million	Note	Group		Automotive*		Motorcycles*		Financial Services*		Other Entities*		Eliminations*	
		30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
EQUITY AND LIABILITIES													
Subscribed capital	12	660	660										
Capital reserves		2,199	2,199										
Revenue reserves	12	66,742	59,550										
Accumulated other equity		-742	-1,518										
Equity attributable to shareholders of BMW AG	12	68,859	60,891										
Minority interest		678	629										
Equity		69,537	61,520	46,468	41,117	-	-	16,479	15,555	23,442	21,389	-16,852	-16,541
Pension provisions	13	2,084	3,693	1,863	3,197	50	109	48	49	123	338	-	-
Other provisions		7,541	6,488	7,317	6,268	82	74	142	146	-	-	-	-
Deferred tax		1,578	509	1,845	697	-	-	2,650	2,812	86	78	-3,003	-3,078
Financial liabilities	15	62,240	67,390	2,077	2,087	-	-	16,827	17,730	43,347	47,588	-11	-15
Other liabilities	16	5,545	5,095	7,307	7,270	509	522	40,196	42,506	1,172	1,011	-43,639	-46,214
Non-current provisions and liabilities		78,988	83,175	20,409	19,519	641	705	59,863	63,243	44,728	49,015	-46,653	-49,307
Other provisions		5,544	7,494	5,039	6,960	106	100	383	388	16	46	-	-
Current tax	14	1,369	747	762	537	-	-	550	192	57	18	-	-
Financial liabilities	15	42,110	38,986	1,057	897	-	-	26,377	25,178	14,737	12,959	-61	-48
Trade payables		9,560	8,644	8,228	7,365	338	378	986	892	8	9	-	-
Other liabilities	16	15,701	16,092	35,024	34,830	344	319	45,900	42,169	22,706	21,797	-88,273	-83,023
Current provisions and liabilities		74,284	71,963	50,110	50,589	788	797	74,196	68,819	37,524	34,829	-88,334	-83,071
Total equity and liabilities		222,809	216,658	116,987	111,225	1,429	1,502	150,538	147,617	105,694	105,233	-151,839	-148,919

* Supplementary information which was not subject of the audit review.

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

in € million	Group		Automotive*		Financial Services*	
	2021	2020	2021	2020	2021	2020
Profit / loss before tax	9,736	498	7,526	-1,093	1,936	581
Depreciation and amortisation of tangible, intangible and investment assets	3,098	3,050	3,019	2,968	19	23
Change in provisions	-1,327	-365	-1,440	-329	-8	-21
Change in leased products and receivables from sales financing	-762	5,708	-	-	-1,020	6,892
Changes in working capital	728	-682	260	-544	331	-115
Other	-2,868	-992	-2,114	-1,602	501	-1,420
Cash inflow/outflow from operating activities	8,605	7,217	7,251	-600	1,759	5,940
Total investment in intangible assets and property, plant and equipment	-2,360	-2,796	-2,294	-2,728	-2	-5
Net investment in marketable securities and investment funds	-34	1,350	-11	1,138	-28	214
Other	-52	766	-55	815	2	-1
Cash inflow/outflow from investing activities	-2,446	-680	-2,360	-775	-28	208
Cash inflow/outflow from financing activities	-5,357	-874	-3,182	4,475	-2,005	-5,370
Effect of exchange rate on cash and cash equivalents	-87	21	-48	16	-24	30
Change in cash and cash equivalents	715	5,684	1,661	3,116	-298	808
Cash and cash equivalents as at 1 January	13,537	12,036	9,522	9,077	2,863	2,075
Cash and cash equivalents as at 30 June	14,252	17,720	11,183	12,193	2,565	2,883

* Supplementary information which was not subject of the audit review.

STATEMENT OF CHANGES IN EQUITY

in € million	Note	Accumulated other equity								Total	
		Subscribed capital	Capital reserves	Revenue reserves	Translation differences	Marketable Securities	Derivative financial instruments	Costs of hedging	Equity attributable to shareholders of BMW AG		Minority interest
1 January 2021		660	2,199	59,550	-2,156	34	868	-264	60,891	629	61,520
Net profit		-	-	7,580	-	-	-	-	7,580	43	7,623
Other comprehensive income for the period after tax		-	-	839	842	-18	-14	49	1,698	-	1,698
Comprehensive income at 30 June 2021		-	-	8,419	842	-18	-14	49	9,278	43	9,321
Dividend payments		-	-	-1,257	-	-	-	-	-1,257	-23	-1,280
Other changes		-	-	30	-	-	-83	-	-53	29	-24
30 June 2021	12	660	2,199	66,742	-1,314	16	771	-215	68,859	678	69,537

in € million	Note	Accumulated other equity								Total	
		Subscribed capital	Capital reserves	Revenue reserves	Translation differences	Marketable Securities	Derivative financial instruments	Costs of hedging	Equity attributable to shareholders of BMW AG		Minority interest
1 January 2020		659	2,161	57,667	-760	29	15	-447	59,324	583	59,907
Net profit		-	-	324	-	-	-	-	324	38	362
Other comprehensive income for the period after tax		-	-	174	-855	-13	487	67	-140	-	-140
Comprehensive income at 30 June 2020		-	-	498	-855	-13	487	67	184	38	222
Dividend payments		-	-	-1,646	-	-	-	-	-1,646	-25	-1,671
Other changes		-	-	-5	-	-	-5	-3	-13	-5	-18
30 June 2020		659	2,161	56,514	-1,615	16	497	-383	57,849	591	58,440

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 2020 were drawn up in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and the supplementary requirements of § 315 e (1) of the German Commercial Code (HGB). The Interim Group Financial Statements (Interim Report) at 30 June 2021, 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 2020 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 2021 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 2021 to 30 June 2021. 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 2021 are presented for informational purposes, but were not subject of the audit 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 2020. Regarding the impact of the coronavirus pandemic on the financial statements, reference is made in particular to the sections on residual value risk and credit risk in note 6. The other matters described in note 6 do not have any further impact on the Interim Group Financial Statements.

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 3 to the Group Financial Statements within the BMW Group Report 2020.

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 2020.

The Interim Group Financial Statements at 30 June 2021 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 2021 include BMW AG and all material subsidiaries over which BMW AG – either directly or indirectly – exercises control. This also includes 54 structured entities, consisting of asset-backed financing entities and special purpose funds.

The following changes took place in the Group reporting entity during the first six months of 2021:

	Germany	Foreign	Total
Included at 31 December 2020	21	185	206
Included for the first time in 2021	–	6	6
No longer included in 2021	–	8	8
Included at 30 June 2021	21	183	204

In May 2021, BMW Group, together with Ford Motor Company and Volta Energy Technologies, participated in an investment round relating to Solid Power, an industry-leading producer of all solid-state batteries for electric vehicles. In this context, some existing joint development partnerships with Solid Power have also been expanded with a view to securing solid-state batteries for future electric vehicle generations. The investment meets the criteria of an associated company and is accounted for using the equity method.

YOUR NOW Holding GmbH, a joint venture of the BMW Group and Daimler Mobility AG, entered into an agreement with the bp Group on 29 March 2021 for the latter to acquire a 33.3 % stake in Digital Charging Solutions GmbH (DCS) (ChargeNow). The investment of the bp Group in DCS is subject to the approval of the relevant authorities. In addition, on 8 March 2021, YOUR NOW Holding GmbH signed an agreement to sell PARK NOW Group to EasyPark Group. Following receipt of regulatory approval, the transaction was completed on 27 May 2021. The impact of the two transactions is not material for the BMW Group.

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 BMW Group.

03 FINANCIAL REPORTING RULES

- a** Standards or amendments of standards that are significant for the BMW Group and were applied for the first time in the first half-year of the current financial year:

Standard / Interpretation	Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 27.8.2020	1.1.2021	1.1.2021

The amendments to Standards contain a number of reliefs to mitigate the impact on the accounting treatment of hedge relationships, financial instruments and lease liabilities resulting from the reform of interest rate benchmarks. Information on these changes is provided in note 4b to the Group Financial Statements within the BMW Group Report 2020.

The adoption of these rules by the BMW Group means that existing hedging relationships can be continued and therefore – in a similar way to contractual changes arising due to the interest rate benchmark reform – do not have any direct impact on profit or loss in the case of financial instruments and leases.

- 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.

NOTES TO THE INCOME STATEMENT

04 REVENUES

Revenues by activity comprise the following:

in € million	2nd quarter 2021*	2nd quarter 2020	1 January to 30 June 2021	1 January to 30 June 2020
Sales of products and related goods	20,099	13,033	38,697	28,530
Sales of products previously leased to customers	3,494	2,088	6,743	4,829
Income from lease instalments	2,828	2,841	5,646	5,732
Interest income on loan financing and finance leases	898	916	1,796	1,922
Revenues from service contracts, telematics and roadside assistance	658	554	1,307	1,212
Other income	605	541	1,171	1,000
Revenues	28,582	19,973	55,360	43,225

* Supplementary information which was not subject of the audit review.

Revenues recognised from contracts with customers in accordance with IFRS 15 totalled €47,827 million (2020: €35,489 million).

An analysis of revenues by segment is shown in the segment information in [note 22](#). 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 lease instalments, from sales of products previously leased to customers and interest income on loan financing and finance leases 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 €1,657 million (2020: €1,793 million). This interest income is not reported separately in the income statement as it is not significant compared to total Group revenues.

05 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 the antitrust proceedings carried out by the EU Commission 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 regard 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 unlawful manipulation of the emissions control system. Based on BMW AG's detailed submissions, the EU Commission significantly narrowed the scope of its charges, the proceeding was settled on 8 July 2021, and a fine in an amount of approximately €373 million was issued. In the opinion of the EU Commission, the carmakers concerned – within the framework of what is actually legitimate technical cooperation in the development of SCR technology – created an excessive transparency with regard to the size of their AdBlue tanks, the range that can be achieved and the presumed average AdBlue consumption, thereby violating EU competition law. BMW AG was now able to release the amount of the provision exceeding the fine and to recognise it in the income statement. The fine was paid in July 2021, concluding the EU Commission's proceeding.

06 OTHER FINANCIAL RESULT

Other financial result developed as follows:

in € million	2nd quarter 2021*	2nd quarter 2020	1 January to 30 June 2021	1 January to 30 June 2020
Result on investments	322	74	509	7
Sundry other financial result	111	8	258	-489
Other financial result	433	82	767	-482

* Supplementary information which was not subject of the audit review.

The main reason for the improvement in the result on investments was the positive impact of revaluations of investments included in the iVentures fund. The improvement in the sundry other financial result was primarily attributable to changes in the fair value of stand-alone interest rate derivatives.

07 INCOME TAXES

The effective tax rate for the six-month period to 30 June 2021 was 21.7% (2020: 27.2%) 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 lower effective tax rate reflects amongst others the impact of tax-exempt income, such as the partial reversal of the provision in connection with the antitrust proceedings of the EU Commission (see note 5) and the mark-to-market valuation of investments.

NOTES TO THE BALANCE SHEET

08 INTANGIBLE ASSETS

Intangible assets mainly comprise capitalised development costs on vehicle, module and architecture projects as well as subsidies for tool costs, licences, purchased development projects, emission certificates, software and purchased customer lists.

in € million	30.6.2021	31.12.2020
Capitalised development costs	10,844	11,007
Goodwill	380	379
thereof allocated to the Automotive cash-generating unit	33	33
thereof allocated to the Financial Services cash-generating unit	347	346
Other intangible assets	927	956
Intangible assets	12,151	12,342

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

in € million	2021	2020
Capitalised development costs		
Additions	734	965
Amortisation	897	847
Other intangible assets		
Additions	99	107
Amortisation	100	87

The low market capitalisation of BMW AG in relation to its equity represented an indication of impairment of tangible and intangible assets. As a result, impairment tests were performed for all of the BMW Group's cash-generating units. No impairment losses were required to be recognised.

09 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	2021	2020
Additions	1,610	1,370
Depreciation	2,108	2,116
Disposals	76	130

Purchase commitments for property, plant and equipment (excluding right-of-use assets from leases) totalled €3,496 million (31 December 2020: €3,264 million).

10 FINANCIAL ASSETS

Financial assets comprise:

in € million	30.6.2021	31.12.2020
Marketable securities and investment funds	4,281	4,226
Derivative instruments	2,965	3,256
Loans to third parties	70	71
Other	236	199
Financial assets	7,552	7,752

11 INCOME TAX ASSETS

Current income taxes amounting to €951 million (31 December 2020: €606 million) include €37 million (31 December 2020: €43 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.

12 EQUITY

The Group Statement of Changes in Equity is shown on [page 36](#).

Subscribed capital

The number of shares of common stock issued by BMW AG at 30 June 2021 was 601,995,196 shares, each with a par value of €1, unchanged from 31 December 2020. The number of shares of preferred stock at that date was 57,689,304 shares, each with a par value of €1, unchanged from 31 December 2020. Unlike the common stock, no voting rights are attached to the preferred stock. Subscribed capital therefore stood at €660 million, unchanged from 31 December 2020. 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, 1,562,400 shares of preferred stock have been issued on the basis of this authorisation. The number of authorised shares and amount of authorised capital at the level of BMW AG therefore remain at 3.4 million shares and €3.4 million respectively. The BMW Group did not hold any treasury shares at 30 June 2021.

Revenue reserves

In the second quarter 2021, BMW AG paid the dividend for the financial year 2020 amounting to €1,144 million for common stock and €109 million for preferred stock.

13 PENSION PROVISIONS

In conjunction with a measure aimed at modernising the pension model in Germany, employees have the choice of remaining in the previous defined benefit plan or switching to the defined contribution plan. The fixed amounts to which employees were previously entitled remain unchanged going forward and therefore this is one factor which results in a plan amendment in accordance with IAS 19. The previous so-called "pension entitlement trend" (Festbetragstrend) has been converted – with the exception of one remaining component – into a career trend. Furthermore, an employee switching to the defined contribution plan receives an entitlement that is deemed to be equivalent in legal terms to their previous rights. Based on an estimate of the percentage of employees likely to switch, the provisional positive impact

on the pension provision in the first half of the year amounted to €503 million which was recognised in the income statement, primarily as reductions of cost of sales and selling and administrative expenses. The actual percentage of employees to switch plan and the resulting impact on earnings will be determined when the plan amendment is implemented in the second half of the year. In the event of a deviation from the assumption applied, a corresponding adjustment will be recognised. The BMW Group's contribution to fund assets to cover the new entitlements will also be settled during the current financial year.

14 INCOME TAX LIABILITIES

Current income taxes amounting to €1,369 million (31 December 2020: €747 million) include liabilities of €57 million (31 December 2020: €40 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 €286 million (31 December 2020: €148 million) for taxes payable and €1,083 million (31 December 2020: €599 million) for tax provisions.

15 FINANCIAL LIABILITIES

Financial liabilities of the BMW Group comprise the following:

in € million	30.6.2021	31.12.2020
Bonds	54,643	56,665
Asset backed financing transactions	18,063	18,819
Liabilities from customer deposits (banking)	16,691	16,466
Liabilities to banks	9,851	9,037
Lease liabilities	2,448	2,511
Derivative instruments	1,293	1,148
Commercial paper	211	550
Other	1,150	1,180
Financial liabilities	104,350	106,376

The BMW Group issued bonds totalling approximately €4.0 billion in the first half of the year, comprising a Euro benchmark bond, a 144A transaction on the US capital market, a Panda bond on the Chinese capital market and a CAD bond. ABS transactions were also issued or prolonged in the USA, Japan, Canada, the UK, France, Germany and China with a total financing volume of approximately €6.0 billion.

16 OTHER LIABILITIES

Other liabilities include contract liabilities relating to contracts with customers amounting to €5,194 million (31 December 2020: €5,485 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).

OTHER DISCLOSURES

17 RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenditure was as follows:

in € million	2nd quarter 2021*	2nd quarter 2020	1 January to 30 June 2021	1 January to 30 June 2020
Research and development expenses	1,304	1,354	2,737	2,734
Expenditure for capitalised development costs	443	589	734	965
Amortisation	-460	-415	-897	-847
Total research and development expenditure	1,287	1,528	2,574	2,852

* Supplementary information which was not subject of the audit review.

18 CONTINGENT LIABILITIES

The following contingent liabilities existed at the balance sheet date:

in € million	30.6.2021	31.12.2020
Litigation	111	105
Investment subsidies	83	77
Guarantees	41	43
Other	1,457	1,067
Contingent liabilities	1,692	1,292

Other contingent liabilities comprise mainly risks relating to taxes, customs and warranties. The increase in the first half of the year was mainly attributable to warranty risks.

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 investigation (see note 5 for additional information) was 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. The class action lawsuits in the USA were dismissed in the first instance in October 2020. The plaintiffs have appealed this decision. Class action lawsuits in Canada and private lawsuits in South Korea are still 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 antitrust proceedings against BMW AG in March 2019, followed by the Korea Fair Trade Commission in May 2020 and the Turkish Competition Authority in July 2020. Possible risks for the BMW Group cannot be currently foreseen, either in terms of their outcome or 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.

On January 22, 2020, the U.S. Securities and Exchange Commission (SEC) had opened an investigation into potential violations of U.S. securities laws by BMW Group relating to disclosures regarding BMW Group's unit sales of new vehicles. This matter was settled on September 24, 2020 with the SEC, without admitting or denying the allegations, and 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. Possible risks for the BMW Group cannot be quantified at present. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

19 FINANCIAL INSTRUMENTS

Information is provided in notes 5 and 39 to the Group Financial Statements within the BMW Group Report 2020 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	30.6.2021		31.12.2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Receivables from sales financing – credit financing	65,867	63,734	65,326	63,104
Receivables from sales financings – finance and operating leases	24,250	22,159	23,116	21,173
Financial assets – marketable securities and investment funds	115	115	116	115
Financial liabilities				
Bonds	56,042	54,643	58,136	56,665
Asset backed financing transactions	18,029	18,063	18,818	18,819
Liabilities from customer deposits (banking)	16,768	16,691	16,599	16,466
Liabilities to banks	9,960	9,851	9,209	9,037

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 rate 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. Given that these financial institutions all have excellent credit ratings, the risk of default is low and can be observed on the market. The fair values of these items are therefore allocated to Level 2.

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.

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 described below.

in € million	30. 6. 2021			31.12. 2020		
	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	3,882	284	–	3,608	503	–
Other investments	580	–	406	80	–	397
Cash equivalents	–	–	–	915	–	–
Loans to third parties	–	–	30	–	–	22
Derivative instruments (assets)						
Interest rate risk	–	1,709	–	–	2,344	–
Currency risk	–	226	–	–	335	–
Raw material market price risk	–	1,008	22	–	573	1
Other risks	–	–	–	–	–	3
Derivative instruments (liabilities)						
Interest rate risk	–	836	–	–	919	–
Currency risk	–	432	–	–	171	–
Raw material market price risk	–	25	–	–	52	6

As a general rule, any transfers between fair-value hierarchy levels are made at the end of the relevant reporting period. At 30 June 2021, equity instruments amounting to €393 million were reclassified from

Level 3 to Level 1 (30 June 2020: € – million), due to the fact that quoted market prices became available for the instruments concerned for the first time.

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

in € million	30. 6. 2021 Fair value	31.12. 2020 Fair value
Unquoted equity instruments	406	397
Convertible bonds	30	22
Options on unquoted equity instruments	–	3
Derivative instruments – raw material market price risks	22	–5

Financial instruments allocated to Level 3 relate mainly to investments in a private-equity fund. The valuation of unquoted 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 with income statement effect.

Furthermore, equity instruments that are not part of the private equity fund are valued using an income-based 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, the valuation of options

and assessment of their impact on sensitivity is similar to the approach taken to unquoted equity instruments, as described above.

For selected derivatives, a complete set of data relevant for valuation purposes is not available due to their limited market maturity. In order to model forward curves, data is collated and updated on the basis of regular bank and trader inquiries. The valuation methodology applied is in line with the general valuation principles for derivatives used within the treasury management system of the BMW Group. Changes in fair values resulting from shifts in forward curves within a range of +/- 10% are 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 – raw material market price risks	Financial Instruments Level 3
1 January 2021	397	22	3	–5	417
Additions	7	5	–	–	12
Disposals	–18	–	–	1	–17
Gains (+)/losses (–) recognised in accumulated other equity	–	–	–	25	25
Gains (+)/losses (–) recognised in the income statement	404	3	–3	1	405
Currency translation differences	9	–	–	–	9
Level reclassification	–393	–	–	–	–393
30 June 2021	406	30	–	22	458

Gains and losses recognised in the income statement are reported within the line item “Other financial result”. Gains and losses recognised in the income statement in the financial year included an unrealised net positive amount of €396 million (2020: €84 million).

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments – raw material market price risks	Financial Instruments Level 3
1 January 2020	355	14	5	–	374
Additions	73	17	–	–	90
Disposals	–87	–7	–2	2	–94
Gains (+)/losses (–) recognised in accumulated other equity	–	–	–	–7	–7
Gains (+)/losses (–) recognised in the income statement	85	–	–	–	85
Currency translation differences	–29	–2	–	–	–31
31 December 2020	397	22	3	–5	417

20 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 period 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 S.à r.l, Grevenmacher, which via its subsidiaries, performed logistic-related services for the BMW Group during the first six months of 2021. 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 in these arrangements is on the development of a battery storage system. In addition, complete photovoltaic solutions for carports and roof systems are provided to customers of BMW i models. In the first half of 2021, Solarwatt GmbH, Dresden, acquired vehicles from the BMW Group by way of leasing.

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 2021, 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 2021, the BMW Group bought in services from UnternehmerTUM GmbH, Garching, mainly in the form of consultancy and workshop services.

In addition, Susanne Klatten, Germany, and Stefan Quandt, Germany, are indirectly sole shareholders of Entrust Corp., Shakopee, Minnesota. Stefan Quandt is also a member of the supervisory board of this entity. In the first half of 2021, Entrust Corp., Shakopee, Minnesota, acquired vehicles from the BMW Group by way of leasing.

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 2021	1 January to 30 June 2020	1 January to 30 June 2021	1 January to 30 June 2020	30. 6. 2021	31. 12. 2020	30. 6. 2021	31. 12. 2020
DELTON Health AG (formerly DELTON AG)	916	960	–	–	10	1	–	–
DELTON Logistics S.à r.l	504	685	9,067	9,413	1	5	2,700	1,574
SOLARWATT GmbH	2,425	1,275	–	–	605	287	–	–
ALTANA AG	973	1,031	–	–	189	243	–	80
UnternehmerTUM GmbH	–	–	193	498	–	–	–	510

in € thousand	Supplies and services performed		Supplies and services received		Receivables		Payables	
	2nd quarter 2021*	2nd quarter 2020	2nd quarter 2021*	2nd quarter 2020	30. 6. 2021	31. 12. 2020	30. 6. 2021	31. 12. 2020
DELTON Health AG (formerly DELTON AG)	472	446	–	–	10	1	–	–
DELTON Logistics S.à r.l	231	299	4,978	3,654	1	5	2,700	1,574
SOLARWATT GmbH	1,056	1,158	–	–	605	287	–	–
ALTANA AG	479	512	–	–	189	243	–	80
UnternehmerTUM GmbH	–	–	80	367	–	–	–	510

* Supplementary information which was not subject of the audit review.

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

A significant proportion of the BMW Group's transactions with related parties relates to the joint venture BMW Brilliance Automotive Ltd.

For the most part, this involves the sale of vehicle components to BMW Brilliance Automotive Ltd. for further processing. Supplies and services received relate to vehicles and services.

in € million	Supplies and services performed		Supplies and services received		Receivables		Payables	
	1 January to 30 June 2021	1 January to 30 June 2020	1 January to 30 June 2021	1 January to 30 June 2020	30. 6. 2021	31.12. 2020	30. 6. 2021	31.12. 2020
BMW Brilliance Automotive Ltd.	5,703	4,199	441	36	2,248	2,045	539	804
Other joint ventures and associated companies	13	6	31	28	3	8	7	9

in € million	Supplies and services performed		Supplies and services received		Receivables		Payables	
	2nd quarter 2021*	2nd quarter 2020	2nd quarter 2021*	2nd quarter 2020	30. 6. 2021	31.12. 2020	30. 6. 2021	31.12. 2020
BMW Brilliance Automotive Ltd.	2,955	2,567	280	23	2,248	2,045	539	804
Other joint ventures and associated companies	4	–	16	12	3	8	7	9

* Supplementary information which was not subject of the audit review.

Business relationships with non-consolidated companies are small in scale.

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 had no income or expenses during the period under report. BMW AG bears expenses on an immaterial scale and performs services for BMW Trust e.V., Munich.

The BMW Foundation Herbert Quandt, Munich, is an independent corporate foundation and due to the significant influence exercised by the BMW Group, qualifies as a related party according to IAS 24. In the first half of 2021, the BMW Group donated a total of €5.8 million (2020: €6.1 million) to the BMW Foundation Herbert Quandt. No other significant transactions arose.

21 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.

SEGMENT INFORMATION

22 EXPLANATORY NOTES TO SEGMENT INFORMATION

Information on the definition of reportable segments and management system is provided in the BMW Group Report 2020. Due to the management system, reported segment results and assets are based on different performance measures. Information is provided in note 45 to

the Group Financial Statements within the BMW Group Report 2020.

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, intragroup 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. Intragroup leasing arrangements are not reflected in the internal management and reporting system on an IFRS 16 basis and are accounted for in the segments 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 functions are included in the segments concerned. Expenses for centralised administrative functions allocated to the Financial Services segment are not settled in cash.

Segment information by operating segment for the first six months is as follows:

in € million	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
SEGMENT INFORMATION BY OPERATING SEGMENT												
External revenues	38,363	28,626	1,630	1,083	15,367	13,516	–	–	–	–	55,360	43,225
Inter-segment revenues	9,382	4,241	–9	–4	739	740	2	1	–10,114	–4,978	–	–
Total revenues	47,745	32,867	1,621	1,079	16,106	14,256	2	1	–10,114	–4,978	55,360	43,225
Segment result	6,189	–1,325	284	65	1,936	581	265	–408	1,062	1,585	9,736	498
Result from equity accounted investments	975	404	–	–	–	–	–	–	–	–	975	404
Capital expenditure on non-current assets	2,375	2,370	65	64	13,293	12,982	–	–	–3,382	–2,623	12,351	12,793
Depreciation and amortisation on non-current assets	3,026	2,968	61	59	5,507	6,501	–	–	–2,726	–3,486	5,868	6,042

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

in € million	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
SEGMENT INFORMATION BY OPERATING SEGMENT												
External revenues	19,886	13,147	874	524	7,822	6,302	–	–	–	–	28,582	19,973
Inter-segment revenues	5,097	1,731	–6	–2	378	356	1	–	–5,470	–2,085	–	–
Total revenues	24,983	14,878	868	522	8,200	6,658	1	–	–5,470	–2,085	28,582	19,973
Segment result	3,953	–1,554	149	–7	1,149	97	124	–64	604	1,228	5,979	–300
Result from equity accounted investments	546	364	–	–	–	–	–	–	–	–	546	364
Capital expenditure on non-current assets	1,373	1,333	18	42	6,607	6,381	–	–	–1,861	–1,177	6,137	6,579
Depreciation and amortisation on non-current assets	1,512	1,446	31	30	2,649	3,313	–	–	–1,426	–1,769	2,766	3,020
in € million	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	30. 6. 2021	31.12. 2020	30. 6. 2021	31.12. 2020	30. 6. 2021	31.12. 2020	30. 6. 2021	31.12. 2020	30. 6. 2021	31.12. 2020	30. 6. 2021	31.12. 2020
Segment assets	16,675	15,779	606	681	16,479	15,555	98,220	98,226	90,829	86,417	222,809	216,658
Investments accounted for using the equity method	4,616	3,585	–	–	–	–	–	–	–	–	4,616	3,585

* Supplementary information which was not subject of the audit review.

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

in € million	2nd quarter 2021*	2nd quarter 2020	1 January to 30 June 2021	1 January to 30 June 2020
Reconciliation of segment result				
Total for reportable segments	5,375	-1,528	8,674	-1,087
Financial result of Automotive segment	797	381	1,337	232
Financial result of Motorcycles segment	-	-1	-	-1
Elimination of inter-segment items	-193	848	-275	1,354
Profit / loss before tax	5,979	-300	9,736	498
Reconciliation of capital expenditure on non-current assets				
Total for reportable segments	7,998	7,756	15,733	15,416
Elimination of inter-segment items	-1,861	-1,177	-3,382	-2,623
Total Group capital expenditure on non-current assets	6,137	6,579	12,351	12,793
Reconciliation of depreciation and amortisation on non-current assets				
Total for reportable segments	4,192	4,789	8,594	9,528
Elimination of inter-segment items	-1,426	-1,769	-2,726	-3,486
Total Group depreciation and amortisation on non-current assets	2,766	3,020	5,868	6,042

* Supplementary information which was not subject of the audit review.

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

in € million	30.6.2021	31.12.2020
Reconciliation of segment assets		
Total for reportable segments	131,980	130,241
Non-operating assets – Automotive	64,857	59,677
Liabilities of Automotive segment not subject to interest	35,455	35,769
Non-operating assets – Motorcycles	43	39
Liabilities of Motorcycles segment not subject to interest	780	782
Total liabilities – Financial Services segment	134,059	132,062
Non-operating assets – Other Entities segment	7,474	7,007
Elimination of inter-segment items	-151,839	-148,919
Total Group assets	222,809	216,658

Munich, 27 July 2021

Bayerische Motoren Werke
Aktiengesellschaft

THE BOARD OF MANAGEMENT

OLIVER ZIPSE

ILKA HORSTMEIER

DR. MILAN NEDELJKOVIĆ

PIETER NOTA

DR. NICOLAS PETER

FRANK WEBER

DR.-ING. ANDREAS WENDT

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

Munich, 27 July 2021

Bayerische Motoren Werke
Aktiengesellschaft

THE BOARD OF MANAGEMENT

OLIVER ZIPSE

"To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the Interim Group Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Interim Group Management Report includes a true and fair review of the development and performance of the business and the 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."

ILKA HORSTMEIER

DR. MILAN NEDELJKOVIĆ

PIETER NOTA

DR. NICOLAS PETER

FRANK WEBER

DR.-ING. ANDREAS WENDT

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, 2021, to June 30, 2021, 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.

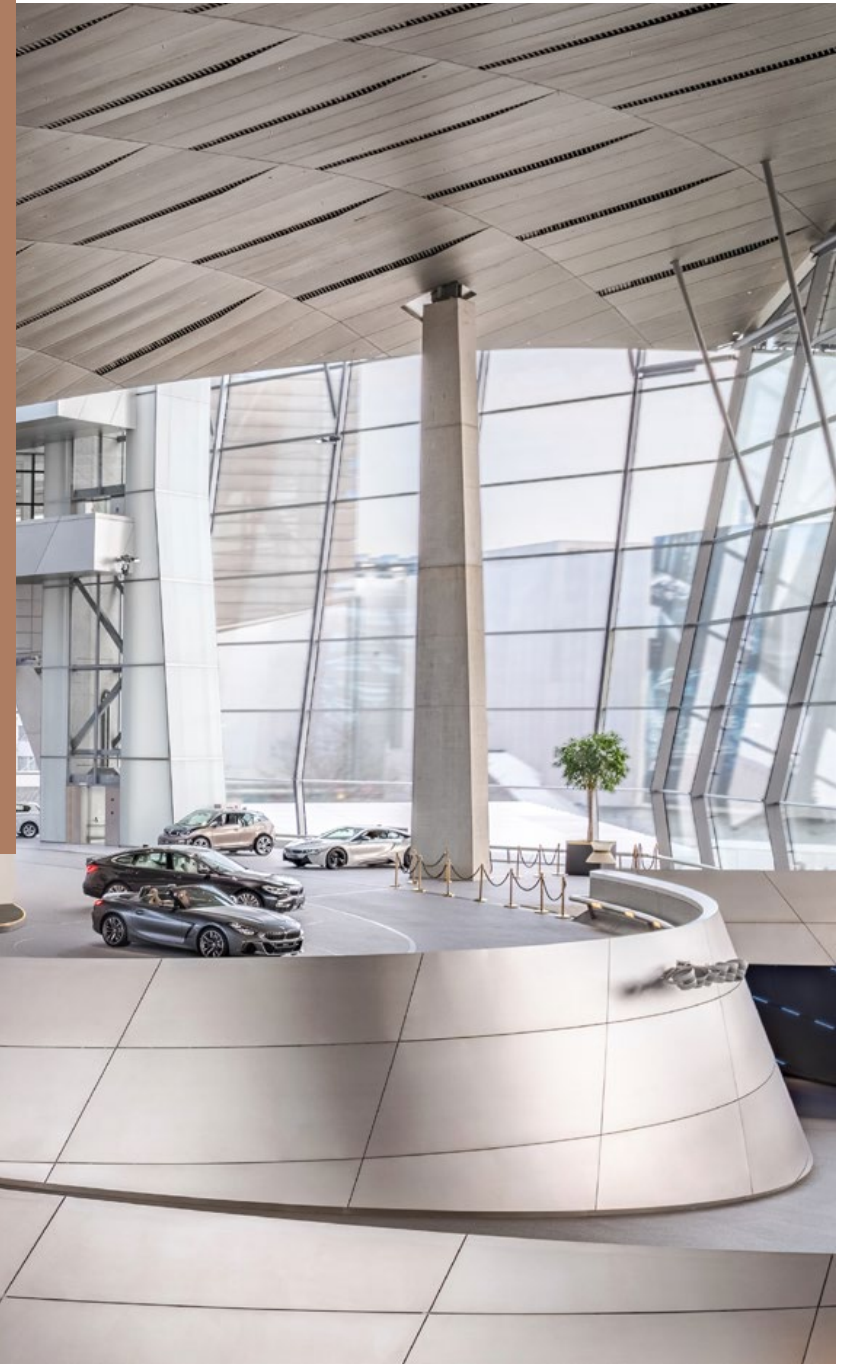
Munich, 2 August 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

PETRA JUSTENHOVEN Wirtschaftsprüferin (German Public Auditor)	ANDREAS FELL Wirtschaftsprüfer (German Public Auditor)
--	---

OTHER INFORMATION

- 60 Fuel Consumption and CO₂ Emissions Information
- 60 General Information
- 61 Contacts



FUEL CONSUMPTION AND CO₂ EMISSIONS INFORMATION

Model	Figures according to WLTP				Figures according to NEFZ		
	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 X3 xDrive 30e	2.6–2.0	59–45	20.5–18.9	42–50	–	–	–
BMW iX3	–	–	19.0–18.6	450–458	–	–	17.8–17.5
MINI							
MINI Cooper SE	–	–	17.6–15.2	203–234	–	–	14.9–16.9
MINI Cooper SE Countryman ALL4	1.9–1.7	44–39	15.5–14.8	47–51	2.1–1.9	48–44	14.1–14.8
ROLLS-ROYCE							
Rolls-Royce Ghost	15.2–15.7	347–358	–	–	15	343	–

GENERAL INFORMATION

This version of the Half-year Report is a translation from the German version. Only the original German version is binding.

CONTACTS

BUSINESS AND FINANCE PRESS

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

Fax +49 89 382-2 44 18

E-mail presse@bmwgroup.com

INVESTOR RELATIONS

Telephone +49 89 382-2 53 87

Fax +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