

# Condensed Interim Consolidated Financial Statements

## Consolidated Income Statement

in € millions	H1 2021	H1 2020
Revenues	8,691	7,848
Other operating income	382	179
Cost of materials	(2,688)	(2,372)
Royalty and license fees	(672)	(754)
Personnel costs	(2,881)	(2,660)
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(424)	(438)
Other operating expenses	(1,307)	(1,300)
Results from investments accounted for using the equity method	34	26
Impairment and reversals on investments accounted for using the equity method	-	(65)
Results from disposals of investments	794	341
EBIT (earnings before interest and taxes)	1,929	805
Interest income	7	6
Interest expenses	(73)	(73)
Other financial income	3	5
Other financial expenses	(92)	(122)
Financial result	(155)	(184)
Earnings before taxes	1,774	621
Income tax expense	(406)	(133)
Group profit or loss	1,368	488
attributable to:		
Bertelsmann shareholders	1,052	386
Non-controlling interests	316	102

The prior-year comparatives have been adjusted. Further details are presented in the section "Prior-Year Information" in the Consolidated Financial Statements as of December 31, 2020.

## Consolidated Statement of Comprehensive Income

in € millions	H1 2021	H1 2020
Group profit or loss	1,368	488
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurement component of defined benefit plans	251	20
Changes in fair value of equity instruments	1	(1)
Share of other comprehensive income of investments accounted for using the equity method	–	–
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met</b>		
Exchange differences		
– changes recognized in other comprehensive income	157	(100)
– reclassification adjustments to profit or loss	(12)	(9)
Cash flow hedges		
– changes in fair value recognized in other comprehensive income	(17)	4
– reclassification adjustments to profit or loss	25	(3)
Share of other comprehensive income of investments accounted for using the equity method	2	1
<b>Other comprehensive income net of tax</b>	<b>407</b>	<b>(88)</b>
<b>Group total comprehensive income</b>	<b>1,775</b>	<b>400</b>
<b>attributable to:</b>		
Bertelsmann shareholders	1,450	306
Non-controlling interests	325	94

## Consolidated Balance Sheet

in € millions	6/30/2021	12/31/2020
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	7,932	7,868
Other intangible assets	2,362	2,308
Property, plant and equipment and right-of-use assets	2,705	2,717
Investments accounted for using the equity method	836	820
Minority stakes and other financial assets	1,282	1,196
Trade and other receivables	94	69
Other non-financial assets	984	881
Deferred tax assets	974	1,124
	17,169	16,983
<b>Current assets</b>		
Inventories	1,776	1,658
Trade and other receivables	4,133	4,570
Other financial assets	620	178
Other non-financial assets	1,076	992
Current income tax receivables	103	56
Cash and cash equivalents	3,675	4,571
	11,383	12,025
Assets held for sale	173	696
	28,725	29,704
<b>Equity and liabilities</b>		
<b>Equity</b>		
Subscribed capital	1,000	1,000
Capital reserve	2,345	2,345
Retained earnings	7,022	5,751
Bertelsmann shareholders' equity	10,367	9,096
Non-controlling interests	1,708	1,629
	12,075	10,725
<b>Non-current liabilities</b>		
Provisions for pensions and similar obligations	1,460	2,009
Other provisions	125	136
Deferred tax liabilities	122	93
Profit participation capital	413	413
Financial debt	5,386	5,911
Lease liabilities	1,037	1,098
Trade and other payables	298	246
Other non-financial liabilities	397	401
	9,238	10,307
<b>Current liabilities</b>		
Other provisions	320	352
Financial debt	156	715
Lease liabilities	280	257
Trade and other payables	4,477	4,833
Other non-financial liabilities	1,887	1,926
Current income tax payables	177	216
	7,297	8,299
Liabilities related to assets held for sale	115	373
	28,725	29,704

## Consolidated Cash Flow Statement

in € millions	H1 2021	H1 2020
Group earnings before interest and taxes	1,929	805
Taxes received/paid	(407)	35
Depreciation and write-ups of non-current assets	429	504
Results from disposals of investments	(794)	(341)
Gains/losses from disposals of non-current assets	(2)	(1)
Change in provisions for pensions and similar obligations	(239)	48
Change in other provisions	(39)	3
Change in net working capital	(435)	139
Fair value measurement of investments	(197)	(60)
Other effects	(7)	6
<b>Cash flow from operating activities</b>	<b>238</b>	<b>1,138</b>
Investments in:		
– intangible assets	(166)	(174)
– property, plant and equipment	(140)	(139)
– financial assets	(143)	(79)
– purchase prices for consolidated investments (net of acquired cash)	(124)	(10)
Disposals of subsidiaries and other business units	680	27
Disposals of other fixed assets	468	146
<b>Cash flow from investing activities</b>	<b>575</b>	<b>(229)</b>
Issues of bonds and promissory notes	–	1,834
Redemption of bonds and promissory notes	(1,026)	–
Proceeds from/redemption of other financial debt	(49)	1,279
Redemption of lease liabilities	(136)	(124)
Interest paid	(169)	(111)
Interest received	9	16
Dividends to Bertelsmann shareholders	(180)	–
Dividends to non-controlling interests and payments to partners in partnerships (IAS 32.18(b))	(225)	(7)
Change in equity	(32)	(677)
Other effects	(23)	9
<b>Cash flow from financing activities</b>	<b>(1,831)</b>	<b>2,219</b>
<b>Change in cash and cash equivalents</b>	<b>(1,018)</b>	<b>3,128</b>
Exchange rate effects and other changes in cash and cash equivalents	58	2
Cash and cash equivalents 1/1	4,643	1,643
Cash and cash equivalents 6/30	3,683	4,773
Less cash and cash equivalents included within assets held for sale	(8)	–
<b>Cash and cash equivalents 6/30 (according to the consolidated balance sheet)</b>	<b>3,675</b>	<b>4,773</b>

The prior-year comparatives have been adjusted. Further details are presented in the section "Prior-Year Information" in the Consolidated Financial Statements as of December 31, 2020.

## Changes in Net Liabilities Arising from Financing Activities

in € millions	H1 2021	H1 2020
Net liabilities arising from financing activities at 1/1	(3,410)	(4,756)
Cash flow from operating activities	238	1,138
Cash flow from investing activities	575	(229)
Interest, dividends and changes in equity, additional payments (IAS 32.18(b))	(597)	(779)
Exchange rate effects and other changes in net liabilities arising from financing activities	10	(101)
<b>Net liabilities arising from financing activities at 6/30</b>	<b>(3,184)</b>	<b>(4,727)</b>

Net liabilities arising from financing activities are the balance of the balance sheet positions "Cash and cash equivalents," "Financial debt" and "Lease liabilities."

## Consolidated Statement of Changes in Equity

in € millions	Sub- scribed capital	Capital reserve <sup>1)</sup>	Retained earnings				Bertels- mann share- holders' equity	Non- con- trolling interests	Total	
			Other retained earnings	Accumulated other comprehensive income <sup>2)</sup>						
				Exchange differ- ences	Fair value reserve	Cash flow hedges				Share of other com- pre- hensive income of investments accounted for using the equity method
Balance as of 1/1/2020	1,000	2,345	5,496	3	8	1	1	8,854	1,591	10,445
Group profit or loss	-	-	386	-	-	-	-	386	102	488
Other comprehensive income	-	-	20	(101)	(1)	1	1	(80)	(8)	(88)
Group total comprehensive income	-	-	406	(101)	(1)	1	1	306	94	400
Dividend distributions	-	-	-	-	-	-	-	-	(2)	(2)
Changes in ownership interests in subsidiaries that do not result in a loss of control <sup>3)</sup>	-	-	(429)	(8)	-	-	-	(437)	(235)	(672)
Equity transactions with shareholders	-	-	(429)	(8)	-	-	-	(437)	(237)	(674)
Other changes	-	-	-	-	-	-	-	-	(1)	(1)
Balance as of 6/30/2020	1,000	2,345	5,473	(106)	7	2	2	8,723	1,447	10,170
Balance as of 1/1/2021	1,000	2,345	6,086	(331)	9	(11)	(2)	9,096	1,629	10,725
Group profit or loss	-	-	1,052	-	-	-	-	1,052	316	1,368
Other comprehensive income	-	-	245	143	1	7	2	398	9	407
Group total comprehensive income	-	-	1,297	143	1	7	2	1,450	325	1,775
Dividend distributions	-	-	(180)	-	-	-	-	(180)	(217)	(397)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	(3)	-	-	-	-	(3)	(40)	(43)
Equity transactions with shareholders	-	-	(183)	-	-	-	-	(183)	(257)	(440)
Other changes	-	-	-	-	-	4	-	4	11	15
Balance as of 6/30/2021	1,000	2,345	7,200	(188)	10	-	-	10,367	1,708	12,075

1) The capital reserve mainly includes share premiums received from the issue of ordinary shares in excess of their par values.

2) Thereof, as of June 30, 2021, and June 30, 2020, no significant amounts relate to assets classified as held for sale in accordance with IFRS 5.

3) In the same period in the previous year, the changes in ownership interests in subsidiaries that do not result in a loss of control mainly arise from the shareholding increase in Penguin Random House.

## Segment Information

in € millions	Penguin									
	RTL Group		Random House		Gruner + Jahr		BMG		Arvato	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Revenues from external customers	2,964	2,617	1,803	1,627	532	508	295	280	2,402	2,064
Intersegment revenues	50	35	1	–	16	16	1	2	34	31
Divisional revenues	3,014	2,652	1,804	1,627	548	524	296	282	2,436	2,095
Operating EBITDA	583	367	324	209	57	28	50	49	400	305
EBITDA margin <sup>1)</sup>	19.4%	13.8%	18.0%	12.8%	10.4%	5.4%	16.9%	17.3%	16.4%	14.6%
Impairment (-)/reversals (+) on intangible assets, property, plant and equipment and right-of-use assets	1	2	–	–	–	–	–	–	–	(2)
Results from investments accounted for using the equity method	14	13	2	(1)	6	–	–	–	4	5
Impairment (-)/reversals (+) on investments accounted for using the equity method	–	(65)	–	–	–	–	–	–	–	–

The prior-year comparatives have been adjusted. Further details are presented in the section "Prior-Year Information" in the Consolidated Financial Statements as of December 31, 2020.

1) Operating EBITDA as a percentage of revenues.

2) The business development of Bertelsmann Investments is determined primarily on the basis of EBIT. EBIT amounted to €188 million (H1 2020: €23 million).

## Reconciliation to Operating EBITDA

in € millions	H1 2021	H1 2020
EBIT	1,929	805
Special items		
– adjustment to carrying amounts on assets held for sale	4	–
– Impairment (+)/reversals (-) on other financial assets at amortized cost	1	1
– Impairment (+)/reversals (-) on investments accounted for using the equity method	–	65
– results from disposals of investments	(794)	(341)
– fair value measurement of investments	(197)	(60)
– restructuring and other special items	59	88
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	424	438
Adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items	(9)	(2)
Operating EBITDA	1,417	994

The prior-year comparatives have been adjusted. Further details are presented in the section "Prior-Year Information" in the Consolidated Financial Statements as of December 31, 2020.

Bertelsmann Printing Group		Bertelsmann Education Group		Bertelsmann Investments <sup>2)</sup>		Total divisions		Corporate		Consolidation		Group total	
H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
552	584	136	158	3	4	8,687	7,842	4	6	–	–	8,691	7,848
72	66	–	–	–	1	174	151	17	16	(191)	(167)	–	–
624	650	136	158	3	5	8,861	7,993	21	22	(191)	(167)	8,691	7,848
26	19	44	40	(6)	(3)	1,478	1,014	(61)	(16)	–	(4)	1,417	994
4.1%	2.9%	32.1%	24.9%	(191.0)%	(71.0)%	16.7%	12.7%	n/a	n/a	n/a	n/a	16.3%	12.7%
(7)	–	–	–	–	–	(6)	–	–	–	–	–	(6)	–
–	–	8	10	–	–	34	27	–	–	–	(1)	34	26
–	–	–	–	–	–	–	(65)	–	–	–	–	–	(65)

## Selected Explanatory Notes

### Accounting Principles

The Bertelsmann SE & Co. KGaA Interim Report has been prepared according to Section 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and has been subject to a limited review by the Group’s auditor. It complies with International Financial Reporting Standards (IFRS) and the related interpretations (IFRIC) of the IFRS Interpretations Committee (IFRS IC) applicable in the European Union (EU-IFRS) and contains Condensed Interim Consolidated Financial Statements prepared in accordance with IAS 34 Interim Financial Reporting, including selected explanatory notes. The Condensed Interim Consolidated Financial Statements do not include all the information required for full Consolidated Financial Statements and should be read in conjunction with the Bertelsmann Consolidated Financial Statements as of December 31, 2020.

The Condensed Interim Consolidated Financial Statements were prepared – with the exception of the financial reporting standards and interpretations applied for the first time in the current financial year – using fundamentally the same accounting and measurement policies as in the Consolidated Financial Statements of December 31, 2020. A detailed description of these policies is presented in the notes to the Consolidated Financial Statements in the 2020 Annual Report. The first-time application of new financial reporting standards had no material impact on the Bertelsmann Group. The Bertelsmann Group has not opted for early adoption of any standards, interpretations or amendments that have been issued but are not yet effective. Likewise, the expected impact from the issued financial reporting requirements that are not yet effective is not material to the Bertelsmann Group.