

Consolidated Financial Statements

Consolidated Income Statement

| in € millions | Notes | 2021 | 2020 |
|---|-------|--------------|--------------|
| Revenues | 1 | 18,696 | 17,289 |
| Other operating income | 2 | 849 | 682 |
| Cost of materials | 13 | (5,943) | (5,133) |
| Royalty and license fees | | (1,458) | (1,650) |
| Personnel costs | 3 | (6,011) | (5,622) |
| Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets | 4 | (909) | (1,040) |
| Other operating expenses | 5 | (2,789) | (2,684) |
| Results from investments accounted for using the equity method | 11 | 101 | 86 |
| Impairment and reversals on investments accounted for using the equity method | 11 | 2 | (62) |
| Results from disposals of investments | | 786 | 410 |
| EBIT (earnings before interest and taxes) | | 3,324 | 2,276 |
| Interest income | 6 | 11 | 10 |
| Interest expenses | 6 | (139) | (155) |
| Other financial income | 7 | 13 | 8 |
| Other financial expenses | 7 | (237) | (202) |
| Financial result | | (352) | (339) |
| Earnings before taxes | | 2,972 | 1,937 |
| Income tax expense | 8 | (662) | (478) |
| Group profit or loss | | 2,310 | 1,459 |
| attributable to: | | | |
| Bertelsmann shareholders | | 1,800 | 1,152 |
| Non-controlling interests | | 510 | 307 |

Consolidated Statement of Comprehensive Income

| in € millions | Notes | 2021 | 2020 |
|--|-------|-------|-------|
| Group profit or loss | | 2,310 | 1,459 |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement component of defined benefit plans | | 253 | (98) |
| Changes in fair value of equity instruments | | 8 | 1 |
| Share of other comprehensive income of investments accounted for using the equity method | | – | – |
| Items that will be reclassified subsequently to profit or loss when specific conditions are met | | | |
| Exchange differences | | | |
| – changes recognized in other comprehensive income | | 358 | (339) |
| – reclassification adjustments to profit or loss | | 20 | (7) |
| Cash flow hedges | | | |
| – changes in fair value recognized in other comprehensive income | | (52) | (13) |
| – reclassification adjustments to profit or loss | | 62 | (2) |
| Share of other comprehensive income of investments accounted for using the equity method | | (17) | (3) |
| Other comprehensive income net of tax | 17 | 632 | (461) |
| Group total comprehensive income | | 2,942 | 998 |
| attributable to: | | | |
| Bertelsmann shareholders | | 2,406 | 715 |
| Non-controlling interests | | 536 | 283 |

Consolidated Balance Sheet

| in € millions | Notes | 12/31/2021 | 12/31/2020 |
|---|-------|------------|------------|
| Assets | | | |
| Non-current assets | | | |
| Goodwill | 9 | 8,179 | 7,868 |
| Other intangible assets | 9 | 2,705 | 2,308 |
| Property, plant and equipment and right-of-use assets | 10 | 2,774 | 2,717 |
| Investments accounted for using the equity method | 11 | 1,340 | 820 |
| Minority stakes and other financial assets | 12 | 1,584 | 1,196 |
| Trade and other receivables | 14 | 71 | 69 |
| Other non-financial assets | 15 | 1,047 | 881 |
| Deferred tax assets | 8 | 989 | 1,124 |
| | | 18,689 | 16,983 |
| Current assets | | | |
| Inventories | 13 | 1,902 | 1,658 |
| Trade and other receivables | 14 | 4,594 | 4,570 |
| Other financial assets | 12 | 386 | 178 |
| Other non-financial assets | 15 | 1,068 | 992 |
| Current income tax receivables | | 176 | 56 |
| Cash and cash equivalents | 16 | 4,645 | 4,571 |
| | | 12,771 | 12,025 |
| Assets held for sale | | 254 | 696 |
| | | 13,025 | 12,721 |
| | | 31,714 | 29,704 |
| Equity and liabilities | | | |
| Equity | | | |
| | 17 | | |
| Subscribed capital | | 1,000 | 1,000 |
| Capital reserve | | 2,345 | 2,345 |
| Retained earnings | | 8,266 | 5,751 |
| Bertelsmann shareholders' equity | | 11,611 | 9,096 |
| Non-controlling interests | | 1,963 | 1,629 |
| | | 13,574 | 10,725 |
| Non-current liabilities | | | |
| Provisions for pensions and similar obligations | 18 | 1,474 | 2,009 |
| Other provisions | 19 | 198 | 136 |
| Deferred tax liabilities | 8 | 104 | 93 |
| Profit participation capital | 20 | 413 | 413 |
| Financial debt | 21 | 4,857 | 5,911 |
| Lease liabilities | 22 | 1,082 | 1,098 |
| Trade and other payables | 23 | 505 | 246 |
| Other non-financial liabilities | 23 | 397 | 401 |
| | | 9,030 | 10,307 |
| Current liabilities | | | |
| Other provisions | 19 | 288 | 352 |
| Financial debt | 21 | 747 | 715 |
| Lease liabilities | 22 | 274 | 257 |
| Trade and other payables | 23 | 5,282 | 4,833 |
| Other non-financial liabilities | 23 | 2,294 | 1,926 |
| Current income tax payables | | 110 | 216 |
| | | 8,995 | 8,299 |
| Liabilities related to assets held for sale | | 115 | 373 |
| | | 9,110 | 8,672 |
| | | 31,714 | 29,704 |

Consolidated Cash Flow Statement

| in € millions | 2021 | 2020 |
|--|----------------|--------------|
| EBIT (earnings before interest and taxes) | 3,324 | 2,276 |
| Taxes paid | (807) | (214) |
| Depreciation and write-ups of non-current assets | 914 | 1,128 |
| Results from disposals of investments | (786) | (410) |
| Gains/losses from disposals of non-current assets | (10) | (234) |
| Change in provisions for pensions and similar obligations | (276) | (92) |
| Change in other provisions | (2) | 94 |
| Change in net working capital | (68) | 486 |
| Fair value measurement of investments | (483) | (59) |
| Other effects | (14) | 19 |
| Cash flow from operating activities | 1,792 | 2,994 |
| Investments in: | | |
| – intangible assets | (482) | (313) |
| – property, plant and equipment | (327) | (350) |
| – financial assets | (890) | (216) |
| – purchase prices for consolidated investments (net of acquired cash) | (255) | (41) |
| Disposals of subsidiaries and other business units | 851 | 337 |
| Disposals of other fixed assets | 836 | 320 |
| Cash flow from investing activities | (267) | (263) |
| Issues of bonds and promissory notes | – | 1,785 |
| Redemption of bonds and promissory notes | (1,026) | (100) |
| Redemption of other financial debt | (171) | (689) |
| Proceeds from other financial debt | 183 | 573 |
| Redemption of lease liabilities | (279) | (276) |
| Interest paid | (249) | (298) |
| Interest received | 28 | 43 |
| Dividends to Bertelsmann shareholders | (180) | – |
| Dividends to non-controlling interests and payments to partners in partnerships (IAS 32.18(b)) | (230) | (10) |
| Change in equity | 304 | (736) |
| Other effects | (47) | 38 |
| Cash flow from financing activities | (1,667) | 330 |
| Change in cash and cash equivalents | (142) | 3,061 |
| Exchange rate effects and other changes in cash and cash equivalents | 168 | (61) |
| Cash and cash equivalents as of 1/1 | 4,643 | 1,643 |
| Cash and cash equivalents as of 12/31 | 4,669 | 4,643 |
| Less cash and cash equivalents included within assets held for sale | (24) | (72) |
| Cash and cash equivalents as of 12/31 (according to the consolidated balance sheet) | 4,645 | 4,571 |

Changes in Net Liabilities Arising from Financing Activities

| in € millions | 2021 | 2020 |
|--|----------------|----------------|
| Net liabilities arising from financing activities as of 1/1 | (3,410) | (4,756) |
| Cash flow from operating activities | 1,792 | 2,994 |
| Cash flow from investing activities | (267) | (263) |
| Interest, dividends and changes in equity, additional payments (IAS 32.18(b)) | (327) | (1,001) |
| Exchange rate effects and other changes in net liabilities arising from financing activities | (103) | (384) |
| Net liabilities arising from financing activities as of 12/31 | (2,315) | (3,410) |

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

| | Sub- scribed capital | Capital reserve ¹⁾ | Retained earnings | | | | Bertels- mann share- holders' equity | Non- controlling interests | Total | |
|--|----------------------------|----------------------------------|-------------------------------|---|-----------------------|---------------------|--|----------------------------------|-------|---|
| | | | Other retained earnings | Accumulated other Exchange differ- ences | Fair value reserve | Cash flow hedges | | | | Share of other com- prehensive income of investments accounted for using the equity method |
| in € millions | | | | | | | | | | |
| 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 | - | - | 1,152 | - | - | - | - | 1,152 | 307 | 1,459 |
| Other compre- hensive income | - | - | (96) | (327) | 1 | (12) | (3) | (437) | (24) | (461) |
| Group total compre- hensive income | - | - | 1,056 | (327) | 1 | (12) | (3) | 715 | 283 | 998 |
| Dividend distributions | - | - | - | - | - | - | - | - | (6) | (6) |
| Changes in own- ership interests in subsidiaries that do not result in a loss of control ³⁾ | - | - | (465) | (7) | - | - | - | (472) | (255) | (727) |
| Equity transactions with shareholders | - | - | (465) | (7) | - | - | - | (472) | (261) | (733) |
| Other changes | - | - | (1) | - | - | - | - | (1) | 16 | 15 |
| Balance as of 12/31/2020 | 1,000 | 2,345 | 6,086 | (331) | 9 | (11) | (2) | 9,096 | 1,629 | 10,725 |
| 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 | - | - | 1,800 | - | - | - | - | 1,800 | 510 | 2,310 |
| Other compre- hensive income | - | - | 243 | 365 | 7 | 8 | (17) | 606 | 26 | 632 |
| Group total compre- hensive income | - | - | 2,043 | 365 | 7 | 8 | (17) | 2,406 | 536 | 2,942 |
| Dividend distributions | - | - | (180) | - | - | - | - | (180) | (218) | (398) |
| Changes in own- ership interests in subsidiaries that do not result in a loss of control ³⁾ | - | - | 283 | 2 | - | - | - | 285 | (5) | 280 |
| Equity transactions with shareholders | - | - | 103 | 2 | - | - | - | 105 | (223) | (118) |
| Other changes | - | - | (2) | - | - | 6 | - | 4 | 21 | 25 |
| Balance as of 12/31/2021 | 1,000 | 2,345 | 8,230 | 36 | 16 | 3 | (19) | 11,611 | 1,963 | 13,574 |

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

2) As of December 31, 2021, €-8 million relates to assets classified as held for sale in accordance with IFRS 5 (December 31, 2020: €8 million).

3) Changes in ownership interests in subsidiaries that do not result in a loss of control in the financial year 2021 result primarily from the decrease of shareholdings in Majorel (in the previous year, mainly from the increase of shareholdings in Penguin Random House). Further details are presented in note 11 "Interests in Other Entities."

Notes

Segment Information

| in € millions | RTL Group | | Penguin Random House | | Gruener + Jahr | | BMG | | Arvato | |
|--|-----------|-------|-------------------------|-------|----------------|-------|-------|-------|--------|-------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues from external customers | 6,533 | 5,939 | 4,029 | 3,801 | 1,032 | 1,102 | 661 | 599 | 4,960 | 4,315 |
| Intersegment revenues | 104 | 78 | 1 | 1 | 19 | 33 | 2 | 3 | 75 | 67 |
| Divisional revenues | 6,637 | 6,017 | 4,030 | 3,802 | 1,051 | 1,135 | 663 | 602 | 5,035 | 4,382 |
| Operating EBITDA | 1,361 | 1,097 | 755 | 691 | 134 | 127 | 144 | 137 | 825 | 662 |
| EBITDA margin ¹⁾ | 20.5% | 18.2% | 18.7% | 18.2% | 12.7% | 11.2% | 21.7% | 22.7% | 16.4% | 15.1% |
| Impairment (-)/reversals (+) on intangible assets, property, plant and equipment and right-of-use assets | (1) | (16) | (5) | - | - | (77) | - | (1) | (19) | (12) |
| Results from investments accounted for using the equity method | 27 | 32 | 7 | 2 | 14 | 4 | - | - | 9 | 11 |
| Impairment (-)/reversals (+) on investments accounted for using the equity method | 2 | (62) | - | - | - | - | - | - | - | - |
| Invested capital | 6,851 | 6,547 | 2,605 | 2,326 | 341 | 474 | 1,969 | 1,801 | 1,910 | 1,785 |

Further details on segment reporting are presented in note 27 "Segment Reporting."

1) Operating EBITDA as a percentage of revenues.

2) The business development of Bertelsmann Investments is presented primarily on the basis of EBIT. EBIT amounted to €316 million (previous year: €1 million).

Reconciliation to Operating EBITDA

| in € millions | 2021 | 2020 |
|---|-------|---------|
| EBIT (earnings before interest and taxes) | 3,324 | 2,276 |
| Less special items | | |
| Impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations | - | (116) |
| Adjustment to carrying amounts on assets held for sale | (6) | - |
| Impairment (-)/reversals (+) on other financial assets at amortized cost | (1) | (26) |
| Impairment (-)/reversals (+) on investments accounted for using the equity method | 2 | (62) |
| Results from disposals of investments | 786 | 410 |
| Fair value measurement of investments | 483 | 59 |
| Restructuring and other special items | (301) | (214) |
| Less amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets | (909) | (1,040) |
| Less adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items | 29 | 122 |
| Operating EBITDA | 3,241 | 3,143 |

| | Bertelsmann Printing Group | | Bertelsmann Education Group | | Bertelsmann Investments ²⁾ | | Total divisions | | Corporate | | Consolidation | | Total | |
|--|----------------------------|-------|-----------------------------|-------|---------------------------------------|---------|-----------------|--------|-----------|------|---------------|-------|--------|--------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | 1,179 | 1,213 | 283 | 301 | 8 | 8 | 18,685 | 17,278 | 11 | 11 | – | – | 18,696 | 17,289 |
| | 140 | 149 | – | – | – | 4 | 341 | 335 | 35 | 32 | (376) | (367) | – | – |
| | 1,319 | 1,362 | 283 | 301 | 8 | 12 | 19,026 | 17,613 | 46 | 43 | (376) | (367) | 18,696 | 17,289 |
| | 60 | 55 | 86 | 89 | (11) | (10) | 3,354 | 2,848 | (113) | 298 | – | (3) | 3,241 | 3,143 |
| | 4.5% | 4.0% | 30.6% | 29.5% | (133.0)% | (82.2)% | 17.6% | 16.2% | n/a | n/a | n/a | n/a | 17.3% | 18.2% |
| | (16) | (27) | – | (1) | (3) | (7) | (44) | (141) | – | – | – | (1) | (44) | (142) |
| | – | – | 41 | 38 | 3 | – | 101 | 87 | – | – | – | (1) | 101 | 86 |
| | – | – | – | – | – | – | 2 | (62) | – | – | – | – | 2 | (62) |
| | 19 | 6 | 1,246 | 1,139 | 1,644 | 1,025 | 16,585 | 15,103 | 152 | 345 | 11 | – | 16,748 | 15,448 |

Information by Geographical Area

| in € millions | Germany | | France | | United Kingdom | | Other European countries | | United States | | Other countries | | Total | |
|----------------------------------|---------|-------|--------|-------|----------------|-------|--------------------------|-------|---------------|-------|-----------------|-------|--------|--------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues from external customers | 5,720 | 5,334 | 2,063 | 2,053 | 1,307 | 1,117 | 3,842 | 3,342 | 4,359 | 4,294 | 1,405 | 1,149 | 18,696 | 17,289 |
| Non-current assets ¹⁾ | 3,436 | 3,212 | 1,263 | 1,205 | 1,294 | 1,263 | 3,529 | 3,436 | 3,787 | 3,410 | 349 | 367 | 13,658 | 12,893 |

1) Non-current assets comprise intangible assets (including goodwill), property, plant and equipment and right-of-use assets. Details on segment reporting are presented in note 27 "Segment Reporting."

Information on Revenue Sources

| in € millions | Own products and merchandise | | Services | | Advertising | | Rights and licenses | | Total | |
|----------------------------------|------------------------------|-------|----------|-------|-------------|-------|---------------------|-------|--------|--------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues from external customers | 4,399 | 4,371 | 7,132 | 6,426 | 4,041 | 3,642 | 3,124 | 2,850 | 18,696 | 17,289 |