Independent Auditor's Report

To Bertelsmann SE & Co. KGaA, Gütersloh

Report on the Audit of the Consolidated Financial Statements and the Combined Management Report

Opinions

We have audited the consolidated financial statements of Bertelsmann SE & Co. KGaA, Gütersloh, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report on the Company and the Group (hereinafter: the "combined management report") of Bertelsmann SE & Co. KGaA, including the combined non-financial statement pursuant to Section 289b(1) HGB and Sections 315b(1) and 315c HGB for the financial year from 1 January to 31 December 2020.

In our opinion, on the basis of the knowledge obtained in the audit,
- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e(1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020 and
- the accompanying combined management report conveys an appropriate view of the Group's situation. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter the "EU-AR"), taking into account the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report.

We are independent from the consolidated companies in accordance with the European and German regulations on commercial and professional law and have met our other German professional obligations in accordance with these requirements. Furthermore, we declare pursuant to Article 10(2) f) EU-AR that, with the exception of the services presented below, we have not carried out any prohibited non-audit services referred to in Article 5(1) EU-AR and that we maintained our independence while performing the audit of the financial statements. In 2020, minor non-audit services as defined in Article 5(1) subsection 2 (c) were performed by the local KPMG national company for an insignificant foreign subsidiary. These services are of minor importance for the audited consolidated financial statements and, based on an assessment of their qualitative and quantitative significance, did not jeopardise our independence.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are such matters that, in our professional judgement, were the most significant in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were taken into account in connection with our audit of the consolidated financial statements as a whole and in forming our audit opinion; we do not provide a separate audit opinion on these matters.

Recoverability of goodwill

Please refer to the general principles set out in the notes to the consolidated financial statements for information on the accounting policies applied. Please also refer to Section 9 of the notes to the consolidated financial statements concerning the assumptions used.

Risk for the financial statements

The goodwill amounts to EUR 7,868 million as at 31 December 2020 and, at 26% of the total assets and 73% of the group equity, constitutes a significant proportion of the assets.

The recoverability of goodwill is reviewed each year at the level of the cash-generating units to which the relevant goodwill is allocated, without this requiring a specific reason. If indications arise in the course of the year that the goodwill might be impaired, an ad hoc impairment test is additionally carried out during the year. For the goodwill impairment test, the carrying amount is compared with the recoverable amount of the relevant cash-generating unit. If the carrying amount exceeds the recoverable amount, an impairment loss has to be recognised. The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the cash-generating unit. The reporting date for the impairment test is 31 December 2020.

For the listed cash-generating units RTL Group and M6 Group, the market capitalisation is compared to the carrying amount of the cash-generating unit. Further, on the basis of the expected cash flows, applying DCF method, the recoverable amount is calculated and compared to the carrying amount of the cash-generating unit. No impairment requirements were identified.

The goodwill impairment test is complex and based on a number of discretionary assumptions. These include the expected business and earnings development of the cash-generating units for the next three and five years, the long-term growth rates that are assumed and the discount rate that is used.

As a result of the impairment tests that were carried out, the Company recognised an impairment loss of EUR 116 million.

There is a risk for the consolidated financial statements that impairment existing as at the reporting date was not identified. There is also a risk that the related disclosures in the notes are not appropriate.

Our audit approach

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions as well as of the Company’s valuation model. To this end, we discussed the expected business and earnings development in the detailed planning period as well as the assumed long-term growth rates with those responsible for the planning. We also carried out reconciliation with the 2021 budget drawn up by the Executive Board and approved by the Supervisory Board and made an assessment of the planning continuation into the detailed planning period.

We furthermore satisfied ourselves of the Company’s planning accuracy by comparing plans from earlier financial years with the results actually realised and analysing any deviations. We compared the assumptions and data underlying the discount rate, especially the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to ensure that the valuation model used was mathematically accurate, we verified the Company’s calculations and validated elements selected from a risk-oriented perspective on the basis of our own calculations.

In order to take existing forecast uncertainty into account, we investigated the effects of potential changes in the discount rate, in the earnings performance and in the long-term growth rate on the recoverable amount by verifying the sensitivity analyses performed by the Company and comparing them with the valuation results.

Finally, we assessed whether the disclosures in the notes regarding recoverability of goodwill are appropriate. This also included an assessment of the appropriateness of the disclosures in the notes pursuant to IAS 36.134(f) on sensitivities in the event of a reasonably possible change in key assumptions underlying the valuation.

Our conclusions

The valuation model underlying the impairment test of the goodwill is appropriate and consistent with the applicable measurement principles.

The Company's assumptions and data underlying the measurement are appropriate.

The related disclosures in the notes are appropriate.

Measurement of the non-controlling interests in start-ups and fund-in-fund investments

Please refer to Section 2 and Section 25 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Information on the amount of the non-controlling interests in start-ups and fund-in-fund investments can be found in Section 12 in the notes to the consolidated financial statements. Information on the amount of the changes in fair value recognised in profit or loss can be found in Section 2.

Risk for the financial statements

The non-controlling interests in start-ups and fund-in-fund investments totalled EUR 1,028 million as at 31 December 2020 and at 10 % of the group equity is important for the assets and liabilities.

In terms of the measurement, the non-controlling interests in start-ups and fund-in-fund investments are allocated to the fair value through profit or loss measurement category in accordance with IFRS 9. Investments in associates that are measured at fair value through profit or loss in application of IAS 28.18 are also included here. The majority of the fair values on the non-controlling interests in start-ups and fund-in-fund investments calculated as at 31 December 2020 are based on unobservable measurement inputs (level 3). As no observable market data is available in this case, the fair values are calculated primarily on the basis of different complex valuation models. If no observable data is available, the valuation for acquired non-controlling interests in start-ups in the Bertelsmann Investments business division, observable achievable prices from recent qualified financing rounds that fulfil the minimum requirements in terms of volume and group of participants, taking into consideration the company's life and development cycle, are used in principle for the unlisted equity interests. Listed financial instruments with contractual trading restrictions (lock-ups) are also measured on the basis of unobservable factors. Furthermore, the calculation of the fair values of fund-in-fund investments is based on valuations of the external fund management in accordance with regular reports and taking a marketability discount into consideration.

The calculation of the measurement of the non-controlling interests in start-ups and fund-in-fund investments is complex and based for unlisted investments on a number of discretionary assumptions. These include the investment-specific assumptions about credit risks as well as life/development cycles of the start-up interests and marketability discounts, which are necessary with regard to the input factors of the model.

There is a risk for the consolidated financial statements that the fair values as at the reporting date are not calculated in an appropriate way and that the changes in value resulting from this are not recognised in the appropriate amount.

Our audit approach

We have assessed the appropriateness, application and effectiveness of controls that the Company has set up to ensure that the data for the input factors for measuring the non-controlling interests in start-ups and fund-in-fund investments is determined correctly and in full.

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions as well as of the Company's valuation models. To this end, we assessed the consistency of the assumptions with external market forecasts. If the measurement was performed by external fund management, we assessed the measurements made by external management as well as the assessment carried out in this respect by the Company. Furthermore, we compared the assumptions and data underlying the marketability discount with our own assumptions and publicly available data. In order to ensure that the valuation model used was mathematically accurate, we verified the Company's calculations on the basis of elements selected from a risk perspective.

Our conclusions

The valuation models underlying the calculation of the non-controlling interests in start-ups and fund-to-fund investments are appropriate and consistent with the applicable measurement principles. The Company's assumptions and data underlying the measurement are appropriate.

Recoverability of the investments in associates

Please refer to the sections "General principles" and "Principles of consolidation" in the notes to the consolidated financial statements for information on the accounting policies applied. The Company's disclosures on the investments in associates are included in Section 11 of the notes to the consolidated financial statements.

Risk for the financial statements

Investments accounted for using the equity method of EUR 820 million are reported under the non-current assets in the consolidated financial statements of Bertelsmann SE & Co. KGaA as at 31 December 2020, assets, of which EUR 780 million is attributed to investments in associates.

The investments in associates are recognised using the equity method pursuant to IAS 28. The recoverability of the investments in associates is assessed in relation to specific causes if there are indications that the carrying amount of the relevant investment in the associate might be impaired. To this end, the carrying amount is compared with the relevant recoverable amount. If the carrying amount exceeds the recoverable amount, an impairment loss has to be recognised. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the relevant investment in the associate. For the investment in Atresmedia, which is listed in Spain and significant from the Group, the recoverable amount is assessed based on the value in use. For the other investments in associates accounted for using the at-equity method, the valuation is performed based on the fair value less costs of disposal, the recoverable amount is derived from the value in use on the basis of the discounted cash flow model.

The cash flows used for the discounted cash flow model are based on plans for individual investments for the next three and five years, which are adjusted using assumptions on long-term growth rates. The relevant discount rate is measured at the weighted average cost of capital.

As at 30 June 2020, the pro rata market capitalisation was lower than the carrying amount of the investment in the associate. The subsequent ad-hoc impairment test as at 30 June 2020 on the basis of a DCF method resulted in an impairment loss of EUR 60 million. After impairment the carrying amount was EUR 143 million.

As at 31 December 2020, the pro rata market capitalisation of Atresmedia was still lower than the carrying amount of the investment. The subsequent impairment test did not identify any additional impairment loss.

The calculation of the fair value using the income discounted cash flow model is complex and, with regard to the assumptions that are made, dependent to a great extent on the Company's estimates and assessments. This is particularly true for the estimate of the future cash flows and long-term growth rates, the determination of the discount rate and other assumptions in connection with the effects of the corona pandemic on the business performance of the individual investments in associates, especially Atresmedia.

There is the risk for the consolidated financial statements that an impairment existing as at the reporting date was not identified and was not recorded in the appropriate amount for Atresmedia. There is also a risk that the related disclosures in the notes are not appropriate.

Our audit approach

To begin with, we used the information obtained in the course of our audit to assess at which investments in associates there are indications of a need for write-downs. Together with our valuation experts, we subsequently assessed the appropriateness of the key assumptions as well as the Company's valuation model. To this end, we discussed the expected cash flows as well as the assumed long-term growth rates with the people responsible for the planning. We also carried out reconciliations with the planning for the associated companies. We additionally assessed the consistency of the assumptions with external market forecasts.

We furthermore assessed the Company's planning accuracy by comparing plans from earlier financial years with the results actually realised and analysing any deviations.

We compared the assumptions and data underlying the discount rate, especially the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. In order to take existing forecast uncertainty into account, we investigated the effects of potential changes in the discount rate, in the earnings performance and in the long-term growth rate on the recoverable amount by verifying the sensitivity analyses performed by the Company and comparing them with the valuation results.

We assessed the calculation of the recoverable amount of the investment in Atresmedia using the value in use as at the balance sheet date and the calculation of the impairment loss as at 30 June 2020, which was considered in the carrying amount as of 31 December 2020, and verified the calculation of the amount of the impairment.

Finally, we assessed whether the disclosures in the notes regarding the recoverability of the investments in associates were appropriate. This also included an assessment of the appropriateness of the disclosures in the notes pursuant to IAS 36.134(f) on sensitivities in the event of a reasonably possible change in key assumptions underlying the valuation.

Our conclusions

The procedure underlying the impairment test on the investments in associates is appropriate and is consistent with the measurement principles. The Company's assumptions and data are appropriate.

The related disclosures in the notes are appropriate.

Other information

The Executive Board and the Supervisory Board are responsible for the other information.

The other information comprises the information in the annual report. The other information does not include the consolidated financial statements, the disclosures in the combined management report audited for content or our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other above-mentioned information and, in so doing, to consider whether the other information
- is materially inconsistent with the consolidated financial statements, with the disclosures in the combined management report information audited for content or our knowledge obtained in the audit or
- otherwise appears to be materially misstated.

Responsibility of the Executive Board and of the Supervisory Board for the consolidated financial statements and the combined management report

The Executive Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e(1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Executive Board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Executive Board is responsible for assessing the Group's ability to continue as a going concern. Furthermore, it has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU-AR and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of the accounting policies used by the Executive Board and the reasonableness of the estimates made by the Executive Board and related disclosures.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its

conformity with [German] law, and the view of the Group's position it provides.

- We perform audit procedures on the forward-looking disclosures presented by the Executive Board in the combined management report. On the basis of sufficient appropriate audit evidence we verify in particular the significant assumptions used by the Executive Board underlying the prospective information and evaluate whether the prospective information has been properly derived from these assumptions. We do not express a separate opinion on the prospective information or on the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We issue a statement to those responsible for monitoring to the effect that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence and the safeguards put in place to protect against this.

From the matters that we have discussed with those responsible for monitoring, we determine which matters were most important during the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the independent auditor's report, unless laws or other legal provisions preclude their public disclosure.

Other statutory and legal requirements

Report on the audit of the electronic reproduction of the consolidated financial statements and of the combined management report created for disclosure purposes in accordance with Section 317(3b) HGB

Pursuant to Section 317(3b) HGB, we conducted an audit to obtain reasonable assurance on whether the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file „Bertelsmann_KA+LB+2020_ESEF-2021-03-15.zip" (SHA256-Hashwert: fa29a79f9d5c0ffbc6f3833f2d7e04bc39 ca376b66e2397bba29a706f60247dc) which can be retrieved from the protected client portal for issuers, that are created for disclosure purposes (also referred to hereinafter as the "ESEF documents") satisfy the requirements of Section 328(1) HGB relating to the electronic reporting format ("ESEF format") in all material respects. In compliance with the German legal requirements, this audit covers only the conversion of the information in the consolidated financial statements and the combined management report into the ESEF format and therefore neither the information contained in these reproductions nor other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and of the combined management report contained in the above-mentioned file and created for disclosure purposes meet the requirements of Section 328(1) HGB relating to the electronic reporting format in all material respects. Beyond this opinion and our opinions on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2020 contained in the preceding "Report on the audit of the consolidated financial statements and the combined management report", we do not issue any opinion whatsoever on the information contained in these reproductions or on the other information contained in the above-mentioned file.

We conducted our audit of the reproductions of the consolidated financial statements and of the combined management report contained in the attached file mentioned above, in accordance with Section 317(3b) HGB and the draft IDW auditing standard: Audit of the electronic reproductions of financial statements and management reports created for disclosure purposes in accordance with Section 317(3b) HGB (IDW EPS 410). Our responsibility based on this standard is described in more detail below. Our audit practice has applied the requirements for quality assurance systems set out in the IDW quality assurance standard: Requirements for quality assurance in auditing practice (IDW QS 1).

The Executive Board of the Company is responsible for drawing up the ESEF documents with the electronic reproductions of the consolidated financial statements and of the combined management report pursuant to Section 328(1) sentence 4 no. 1 HGB and for marking up the consolidated financial statements pursuant to Section 328(1) sentence 4 no. 2 HGB.

In addition, the Executive Board of the Company is responsible for such internal control as it has determined necessary to enable the creation of the ESEF documents that are free from material violations, whether due to fraud or error, of the requirements of Section 328(1) HGB relating to the electronic reporting format.

The Executive Board of the Company is furthermore responsible for submitting to the operator of the German Federal Gazette the ESEF documents together with the auditor's report and the accompanying audited consolidated financial statements and the audited combined management report as well as other documents to be disclosed.

The Supervisory Board is responsible for overseeing the creation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material violations, whether due to fraud or error, of the requirements of Section 328(1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material breaches of the requirements of Section 328(1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls;
- assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, as amended as at the balance sheet date, relating to the technical specification for this file;
- assess whether the ESEF documents enable the audited consolidated financial statements and the audited combined management report to be reproduced in XHTML with the same contents.
- assess whether the mark-up of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction to be made.

Other disclosures in accordance with Article 10 EU-AR

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on 28 August 2020. We were engaged by the Supervisory Board on 31 August 2020. We have been the group auditor of Bertelsmann SE & Co. KGaA since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-AR (audit report).

Responsible auditor

The auditor responsible for the audit is Frank Thiele.

Bielefeld, 18 March 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr Tonne	Thiele
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)