

# Consolidated Financial Statements

## Consolidated Income Statement

in € millions	Notes	2020	2019
Revenues	1	17,289	18,023
Other operating income	2	682	455
Cost of materials	13	(5,133)	(5,685)
Royalty and license fees		(1,650)	(1,580)
Personnel costs	3	(5,622)	(5,645)
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	4	(1,040)	(1,029)
Other operating expenses	5	(2,684)	(2,877)
Results from investments accounted for using the equity method	11	86	124
Impairment and reversals on investments accounted for using the equity method	11	(62)	(51)
Results from disposals of investments		410	90
<b>EBIT (earnings before interest and taxes)</b>		<b>2,276</b>	<b>1,825</b>
Interest income	6	10	13
Interest expenses	6	(155)	(117)
Other financial income	7	8	24
Other financial expenses	7	(202)	(229)
<b>Financial result</b>		<b>(339)</b>	<b>(309)</b>
Earnings before taxes from continuing operations		1,937	1,516
Income tax expense	8	(478)	(426)
Earnings after taxes from continuing operations		1,459	1,090
Earnings after taxes from discontinued operations		–	1
<b>Group profit or loss</b>		<b>1,459</b>	<b>1,091</b>
attributable to:			
Bertelsmann shareholders			
Earnings from continuing operations		1,152	728
Earnings from discontinued operations		–	1
<b>Earnings attributable to Bertelsmann shareholders</b>		<b>1,152</b>	<b>729</b>
Non-controlling interests			
Earnings from continuing operations		307	362
Earnings from discontinued operations		–	–
<b>Earnings attributable to non-controlling interests</b>		<b>307</b>	<b>362</b>

The prior-year comparatives have been adjusted. Further details are presented in the section "Prior-Year Information."

## Consolidated Statement of Comprehensive Income

in € millions	Notes	2020	2019
Group profit or loss		1,459	1,091
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement component of defined benefit plans		(98)	(224)
Changes in fair value of equity instruments		1	(2)
Share of other comprehensive income of investments accounted for using the equity method		–	(1)
<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		(339)	78
– reclassification adjustments to profit or loss		(7)	6
Cash flow hedges			
– changes in fair value recognized in other comprehensive income		(13)	8
– reclassification adjustments to profit or loss		(2)	(3)
Share of other comprehensive income of investments accounted for using the equity method		(3)	(4)
Other comprehensive income net of tax	17	(461)	(142)
Group total comprehensive income		998	949
attributable to:			
Bertelsmann shareholders		715	602
Non-controlling interests		283	347

## Consolidated Balance Sheet

in € millions	Notes	12/31/2020	12/31/2019
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	9	7,868	8,470
Other intangible assets	9	2,308	2,500
Property, plant and equipment and right-of-use assets	10	2,717	2,935
Investments accounted for using the equity method	11	820	652
Minority stakes and other financial assets	12	1,196	1,320
Trade and other receivables	14	69	89
Other non-financial assets	15	881	922
Deferred tax assets	8	1,124	1,087
		16,983	17,975
<b>Current assets</b>			
Inventories	13	1,658	1,771
Trade and other receivables	14	4,570	4,523
Other financial assets	12	178	63
Other non-financial assets	15	992	1,092
Current income tax receivables		56	178
Cash and cash equivalents	16	4,571	1,636
		12,025	9,263
Assets held for sale		696	102
		29,704	27,340
<b>Equity and liabilities</b>			
<b>Equity</b>	17		
Subscribed capital		1,000	1,000
Capital reserve		2,345	2,345
Retained earnings		5,751	5,509
Bertelsmann shareholders' equity		9,096	8,854
Non-controlling interests		1,629	1,591
		10,725	10,445
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	18	2,009	1,967
Other provisions	19	136	178
Deferred tax liabilities	8	93	118
Profit participation capital	20	413	413
Financial debt	21	5,911	4,612
Lease liabilities	22	1,098	1,116
Trade and other payables	23	246	363
Other non-financial liabilities	23	401	379
		10,307	9,146
<b>Current liabilities</b>			
Other provisions	19	352	214
Financial debt	21	715	388
Lease liabilities	22	257	276
Trade and other payables	23	4,833	4,840
Other non-financial liabilities	23	1,926	1,908
Current income tax payables		216	78
		8,299	7,704
Liabilities related to assets held for sale		373	45
		29,704	27,340

The prior-year comparatives have been adjusted. Further details are presented in the section "Prior-Year Information."

## Consolidated Cash Flow Statement

in € millions	2020	2019
Group earnings before interest and taxes	2,276	1,825
Taxes paid	(214)	(424)
Depreciation and write-ups of non-current assets	1,128	1,096
Results from disposals of investments	(410)	(90)
Gains/losses from disposals of non-current assets	(234)	(3)
Change in provisions for pensions and similar obligations	(92)	(95)
Change in other provisions	94	(3)
Change in net working capital	486	(42)
Fair value measurement of investments	(59)	(143)
Other effects	19	(61)
<b>Cash flow from operating activities</b>	<b>2,994</b>	<b>2,060</b>
– thereof discontinued operations	–	–
Investments in:		
– intangible assets	(313)	(283)
– property, plant and equipment	(350)	(323)
– financial assets	(216)	(317)
– purchase prices for consolidated investments (net of acquired cash)	(41)	(317)
Disposals of subsidiaries and other business units	337	228
Disposals of other fixed assets	320	330
<b>Cash flow from investing activities</b>	<b>(263)</b>	<b>(682)</b>
– thereof discontinued operations	–	1
Issues of bonds and promissory notes	1,785	75
Redemption of bonds and promissory notes	(100)	(309)
Proceeds from/redemption of other financial debt	(116)	(67)
Redemption of lease liabilities	(276)	(247)
Interest paid	(298)	(260)
Interest received	43	25
Dividends to Bertelsmann shareholders	–	(180)
Dividends to non-controlling interests and payments to partners in partnerships (IAS 32.18(b))	(10)	(263)
Change in equity	(736)	81
Other effects	38	17
<b>Cash flow from financing activities</b>	<b>330</b>	<b>(1,128)</b>
– thereof discontinued operations	–	–
<b>Change in cash and cash equivalents</b>	<b>3,061</b>	<b>250</b>
Exchange rate effects and other changes in cash and cash equivalents	(61)	(12)
Cash and cash equivalents as of 1/1	1,643	1,405
Cash and cash equivalents as of 12/31	4,643	1,643
Less cash and cash equivalents included within assets held for sale	(72)	(7)
<b>Cash and cash equivalents as of 12/31 (according to the consolidated balance sheet)</b>	<b>4,571</b>	<b>1,636</b>

The prior-year comparatives have been adjusted. Further details are presented in the section “Prior-Year Information.”

## Changes in Net Liabilities Arising from Financing Activities

in € millions	2020	2019
Net liabilities arising from financing activities as of 1/1	(4,756)	(5,262)
Cash flow from operating activities	2,994	2,060
Cash flow from investing activities	(263)	(682)
Interest, dividends and changes in equity, additional payments (IAS 32.18(b))	(1,001)	(597)
Exchange rate effects and other changes in net liabilities arising from financing activities	(384)	(275)
<b>Net liabilities arising from financing activities as of 12/31</b>	<b>(3,410)</b>	<b>(4,756)</b>

The prior-year comparatives have been adjusted. Further details are presented in the section “Prior-Year Information.”

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 <sup>1)</sup>	Retained earnings				Bertelsmann shareholders' equity	Non-controlling interests	Total	
			Other retained earnings	Accumulated other comprehensive income <sup>2)</sup>	Exchange differences	Fair value reserve				Cash flow hedges
in € millions										
Balance as of 1/1/2019	1,000	2,345	5,200	(85)	12	(3)	5	8,474	1,364	9,838
Adjustment	-	-	(38)	-	-	-	-	(38)	(12)	(50)
Balance as of 1/1/2019 <sup>3)</sup>	1,000	2,345	5,162	(85)	12	(3)	5	8,436	1,352	9,788
Group profit or loss	-	-	729	-	-	-	-	729	362	1,091
Other comprehensive income	-	-	(205)	80	(2)	4	(4)	(127)	(15)	(142)
Group total comprehensive income	-	-	524	80	(2)	4	(4)	602	347	949
Dividend distributions	-	-	(180)	-	-	-	-	(180)	(254)	(434)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	(13)	8	-	-	-	(5)	126	121
Equity transactions with shareholders	-	-	(193)	8	-	-	-	(185)	(128)	(313)
Other changes	-	-	3	-	(2)	-	-	1	20	21
Balance as of 12/31/2019	1,000	2,345	5,496	3	8	1	1	8,854	1,591	10,445
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 comprehensive income	-	-	(96)	(327)	1	(12)	(3)	(437)	(24)	(461)
Group total comprehensive income	-	-	1,056	(327)	1	(12)	(3)	715	283	998
Dividend distributions	-	-	-	-	-	-	-	-	(6)	(6)
Changes in ownership interests in subsidiaries that do not result in a loss of control <sup>4)</sup>	-	-	(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

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, 2020, €8 million relate to assets classified as held for sale in accordance with IFRS 5 (December 31, 2019: €4 million).

3) The adjustments result from the initial application of the financial reporting standard IFRS 16 Leases as of January 1, 2019.

4) Changes in ownership interests in subsidiaries that do not result in a loss of control result primarily from the increase of shareholdings in Penguin Random House. Further details are presented in note 11 "Interests in Other Entities."

## Notes

### Segment Information (Continuing Operations)

in € millions	RTL Group		Penguin Random House		Gruener + Jahr		BMG		Arvato	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from external customers	5,939	6,586	3,801	3,636	1,102	1,319	599	597	4,315	4,112
Intersegment revenues	78	65	1	–	33	36	3	3	67	63
Divisional revenues	6,017	6,651	3,802	3,636	1,135	1,355	602	600	4,382	4,175
Operating EBITDA	1,097	1,417	691	561	127	157	137	138	662	549
EBITDA margin <sup>1)</sup>	18.2%	21.3%	18.2%	15.4%	11.2%	11.6%	22.7%	23.0%	15.1%	13.2%
Impairment (-)/reversals (+) on intangible assets, property, plant and equipment and right-of-use assets	(16)	(3)	–	–	(77)	(1)	(1)	–	(12)	(9)
Results from investments accounted for using the equity method	32	64	2	2	4	10	–	–	11	10
Impairment (-)/reversals (+) on investments accounted for using the equity method	(62)	(50)	–	–	–	–	–	(1)	–	–
Invested capital	6,547	6,735	2,326	2,582	474	619	1,801	1,927	1,785	1,894

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

The prior-year comparatives have been adjusted. Further details are presented in the section "Prior-Year Information."

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 €1 million (previous year: €107 million).

### Reconciliation to Operating EBITDA (Continuing Operations)

in € millions	2020	2019
EBIT from continuing operations	2,276	1,825
Special items		
– impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations	116	27
– adjustment to carrying amounts on assets held for sale	–	7
– impairment (+)/reversals (-) on other financial assets at amortized cost	26	9
– impairment (+)/reversals (-) on investments accounted for using the equity method	62	51
– results from disposals of investments	(410)	(90)
– fair value measurement of investments	(59)	(143)
– restructuring and other special items	214	293
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	1,040	1,029
Adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items	(122)	(121)
Operating EBITDA from continuing operations	3,143	2,887

The prior-year comparatives have been adjusted. Further details are presented in the section "Prior-Year Information."

	Bertelsmann Printing Group		Bertelsmann Education Group		Bertelsmann Investments <sup>2)</sup>		Total divisions		Corporate		Consolidation		Continuing operations	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	1,213	1,405	301	333	8	13	17,278	18,001	11	22	-	-	17,289	18,023
	149	163	-	-	4	-	335	330	32	34	(367)	(364)	-	-
	1,362	1,568	301	333	12	13	17,613	18,331	43	56	(367)	(364)	17,289	18,023
	55	68	89	84	(10)	(1)	2,848	2,973	298	(86)	(3)	-	3,143	2,887
	4.0%	4.4%	29.5%	25.2%	-82.2%	-4.6%	16.2%	16.2%	n/a	n/a	n/a	n/a	18.2%	16.0%
	(27)	(14)	(1)	(101)	(7)	-	(141)	(128)	-	-	(1)	(1)	(142)	(129)
	-	-	38	39	-	-	87	125	-	-	(1)	(1)	86	124
	-	-	-	-	-	-	(62)	(51)	-	-	-	-	(62)	(51)
	6	106	1,139	1,292	1,025	1,059	15,103	16,214	345	136	-	2	15,448	16,352

### Information by Geographical Area (Continuing Operations)

in € millions	Germany		France		United Kingdom		Other European countries		United States		Other countries		Continuing operations	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from external customers	5,334	5,806	2,053	2,213	1,117	1,180	3,342	3,413	4,294	4,211	1,149	1,200	17,289	18,023
Non-current assets <sup>1)</sup>	3,212	3,461	1,205	1,360	1,263	1,362	3,436	3,455	3,410	3,841	367	426	12,893	13,905

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 (Continuing Operations)

in € millions	Own products and merchandise		Services		Advertising		Rights and licenses		Continuing operations	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from external customers	4,371	4,385	6,426	6,508	3,642	4,043	2,850	3,087	17,289	18,023