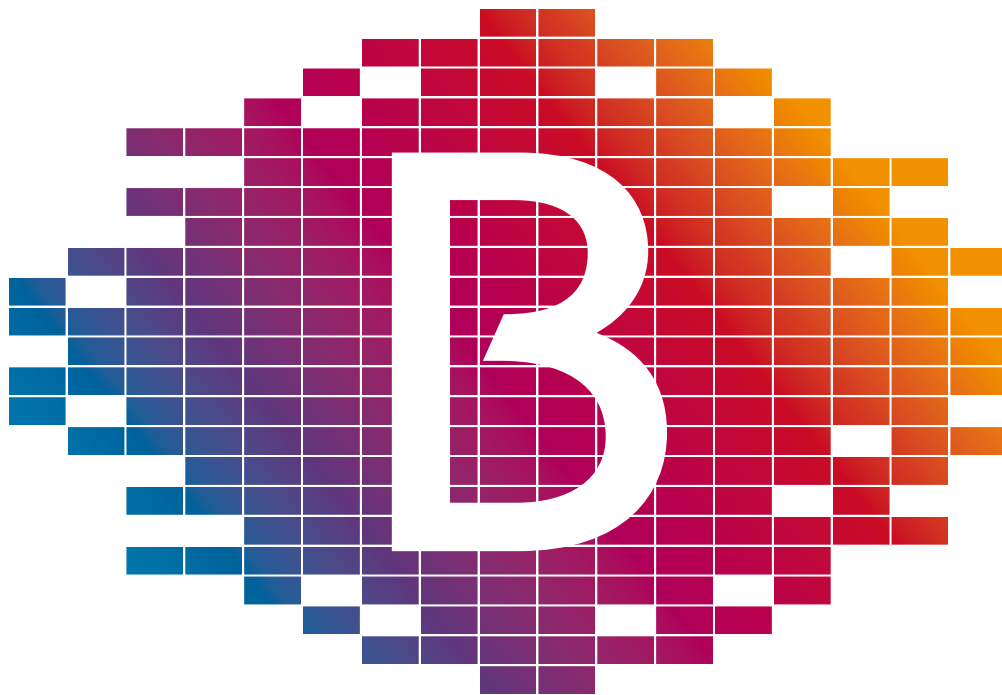


Interim Report 2022



BERTELSMANN

At a Glance

Key Figures (IFRS)

in € millions	H1 2022	H1 2021
Business Development		
Group revenues	9,290	8,691
Operating EBITDA	1,429	1,417
EBITDA margin in percent ¹⁾	15.4	16.3
Group profit	492	1,368
Investments ²⁾	727	573
Consolidated Balance Sheet	6/30/2022	12/31/2021
Equity	14,752	13,574
Equity ratio in percent	45.2	42.8
Total assets	32,644	31,714
Economic debt ³⁾	4,152	3,475

Due to rounding, there may be slight variances in the percentages calculated in this report.

1) Operating EBITDA as a percentage of revenues.

2) Taking into account the financial debt assumed, investments amounted to €1,029 million (H1 2021: €573 million).

3) Net financial debt less 50 percent of the par value of the hybrid bonds and less the short-term liquidable investments in a special fund plus pension provisions, profit participation capital and lease liabilities.

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Online Interim Report

The Bertelsmann Interim Report 2022 can also be accessed online at
ir2022.bertelsmann.com

Highlights of the First Six Months



- The successful combination of RTL Deutschland and Gruner + Jahr creates Germany's first cross-media champion
- Strong growth in streaming services: RTL+ in Germany and Videoland in the Netherlands together register 4.5 million paying subscribers
- Fremantle makes major progress on its growth plan with acquisitions and major talent deals, including a multi-year agreement with Academy Award winner Angelina Jolie

www.rtlgroup.com



- Million-sellers: "Atomic Habits" by James Clear is the top-selling nonfiction book of the first half of the year, and "Where the Crawdads Sing" by Delia Owens is the bestselling fiction book for Penguin Random House
- Penguin Random House Publisher Services takes over global distribution for Disney Publishing Worldwide and Marvel Comics
- Strong titles in the pipeline for the second half of the year include "The Light We Carry" by Michelle Obama and U2 singer Bono's memoir "Surrender"

www.penguinrandomhouse.com



- The strategy project to modernize Mohn Media is successfully completed. The large print shop's competitiveness is improved across all the relevant business areas
- A reconciliation of interests and a social plan are agreed for the Prinovis site in Dresden, which is to be closed at the end of 2022
- BPG USA's business is strengthened by investments in printing technology and a further digitization of processes

www.bertelsmann-printing-group.com



- Bertelsmann strengthens its global education business by increasing its stake in Afya, the leading Brazilian provider of medical training
- Relias expands online course offering in response to increasing uptake of digital training formats
- Alliant records strong growth in online sales, driven by expansion of licensing programs in mental health and teacher education

www.bertelsmann-education-group.com

BMG

- Thriving recording and publishing business drives sales and earnings to record levels at the half-year mark
- BMG grows organically by 25 percent as well as through the acquisition of major music rights, including the music interests of blues icon John Lee Hooker and Scottish rock band Primal Scream
- BMG places renewed focus on revenue assurance, providing rights holders with more efficient billing processes to deliver higher revenues

www.bmg.com

arvato

BERTELSMANN

- Arvato Supply Chain Solutions invests extensively in automation, digitization and the construction of high-performance photovoltaic plants
- Arvato Financial Solutions systematically drives forward its transformation into a sustainable fintech service provider and announces that it will operate under the name Riverty in the future
- Arvato Systems expands its customer focus to cover six key industries, strengthens its position as a cloud expert, and systematically consolidates its partner ecosystem with the top international players in the IT environment

www.arvato.com

BI Bertelsmann Investments

- Bertelsmann Investments makes 29 new and 16 follow-on investments in the first half of 2022
- Carsten Coesfeld becomes the new CEO of Bertelsmann Investments on June 1, 2022
- Bertelsmann India Investments plans to invest €470 million as part of the Group-wide Boost strategy

www.bertelsmann-investments.com



Thomas Rabe
Chairman and CEO of Bertelsmann

Dear Readers,

Bertelsmann ended the first half of 2022 very successfully – with higher Group revenues than in the first half of 2021, and an operating result exceeding even the previous year’s record figure. The RTL Group, BMG and Arvato divisions in particular contributed to our positive business performance.

Group revenues increased by 6.9 percent to €9.3 billion. Organic revenue growth was 3.8 percent. First-half operating EBITDA reached a new high of €1.429 billion, compared with €1.417 billion in the prior-year period, despite a challenging market environment and higher streaming investments. The Group generated net income of €492 million.

In the first half of 2022, Bertelsmann successfully continued implementing its five strategic priorities. We further advanced the expansion of our global content, services, and education businesses. In our creation of national media champions, we are still awaiting decisions by the antitrust authorities in France and the Netherlands. We are convinced that consolidation in the European media markets is necessary to be able to compete with the global tech platforms long-term.

National Media Champions

Our national media champions benefited from the first major consolidation steps. RTL Group completed the combination of RTL Deutschland and Gruner + Jahr. The sale of RTL Belgium and RTL Croatia was finalized. The number of paying subscribers to the streaming services RTL+ and Videoland grew by 48 percent, to over 4.5 million. RTL Deutschland also acquired an extensive package of international soccer match broadcasts from UEFA, and will show live UEFA Nations League and European Qualifiers matches for the 2026 World Cup and the 2028 European Championship on RTL and the RTL+ streaming platform.

Global Content

The production company Fremantle continued putting its growth plan into action, with five acquisitions and share increases. Among other transactions, Fremantle acquired 70 percent of Lux Vide, Italy's leading independent TV production company, and a 51 percent stake in the Irish TV production company Element Pictures. Penguin Random House secured the rights to U2 singer Bono's memoir, "Surrender," to be released worldwide on November 1, 2022, by its English-language publishers. BMG, the world's fourth-largest music company, strengthened its rights portfolio with the acquisition of a large part of John Lee Hooker's musical legacy, and concluded new contracts with renowned artists, including Rita Ora, Elvis Costello and Julian Lennon.

Global Services

The growth drivers among Arvato's services businesses were the logistics and customer-experience (CX) businesses. Arvato Supply Chain Solutions grew primarily in the consumer products, healthcare and technology sectors. The global CX company Majorel expanded its strategic partnership with Booking.com, and announced the acquisition of IST Networks. Arvato Financial Solutions further advanced the transformation of its business model. The financial services provider also acquired a stake in Nexxiot, a Swiss logistics digitization and trade-tech pioneer. Arvato Systems is focusing on six customer industries, and has made the corresponding organizational adjustments. Bertelsmann Printing Group faced sharply rising costs for paper and energy.

Online Education

Bertelsmann strengthened its global education business by increasing its stake in Afya. The Nasdaq-listed education company is a leading provider of medical education and training, as well as digital solutions for physicians in Brazil. Bertelsmann Education Group holds 58 percent of the voting rights in Afya at the half-year mark. The Group also invested in the content of e-learning provider Relias, while Alliant International University reported steady growth in enrollments for online degree programs.

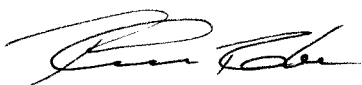
Investment Portfolio

As of June 30, 2022, Bertelsmann Investments (BI) held 313 investments worldwide, having made 29 new investments and 16 follow-on investments. Former G+J companies, including the Hamburg-based AppLike Group, have also been assigned to BI since the beginning of the year. Beyond this, the division strengthened its commitment to the digital-health business with the acquisition of a stake in Ada Health.

For the full year 2022, we expect our business performance to continue positively overall. We expect a significant to strong increase in revenues, due partly to changes in the portfolio. We continue to expect an operating result that is stable, at a record level, not taking into account investments into RTL Group's streaming business. We will continue to pursue our ambitious Boost plans to invest between five and seven billion euros by 2025, in order to lift Bertelsmann to a higher level of revenue and earnings.

Thank you for your continued interest in Bertelsmann. I hope you enjoy perusing our Interim Report.

Kind regards,

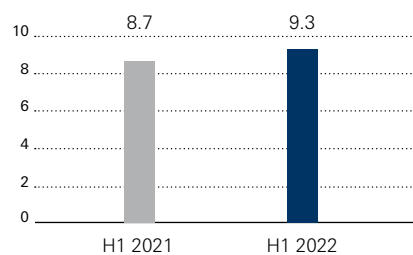


Thomas Rabe

Group Interim Management Report

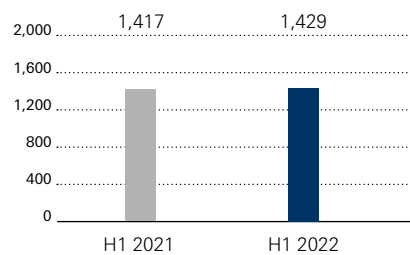
Bertelsmann continued its positive business development in the first half of 2022 with revenue growth and earnings at a record level. Group revenues increased by 6.9 percent to €9.3 billion (H1 2021: €8.7 billion). Organic revenue growth was 3.8 percent. Nearly all divisions recorded revenue growth, most notably the services businesses. At €1,429 million, operating EBITDA (H1 2021: €1,417 million) exceeded the highest level of the previous year despite growing economic uncertainty and higher start-up losses for the expansion of the RTL Group's streaming business. The music business, the services and the education businesses in particular achieved earnings growth. The EBITDA margin amounted to 15.4 percent (H1 2021: 16.3 percent). Due primarily to the considerable capital gains realized in the same period of the previous year, Group profit fell to €492 million (H1 2021: €1,368 million). Bertelsmann anticipates continued positive business performance for 2022 as a whole, assuming that the challenging general economic situation does not deteriorate further.

Revenues in € billions



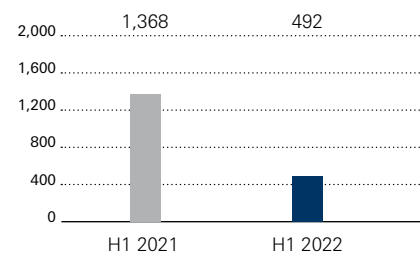
- Revenue up by 6.9 percent, organic revenue growth of 3.8 percent
- Revenue growth in nearly all divisions

Operating EBITDA in € millions



- At €1,429 million, operating EBITDA reaches new record high despite start-up losses
- EBITDA margin of 15.4 percent

Group Profit in € millions



- Considerable capital gains realized in same period of the previous year
- Group profit at the level of H1 2019 and H1 2020

Fundamental Information about the Group

Corporate Profile

Bertelsmann operates in the core business fields of media, services and education in around 50 countries worldwide. The geographic core markets are Western Europe – in particular, Germany, France and the United Kingdom – and the United States. The Bertelsmann divisions are RTL Group (entertainment), Penguin Random House (books), BMG (music), Arvato (services), Bertelsmann Printing Group (printing), Bertelsmann Education Group (education) and Bertelsmann Investments (network of funds). As of January 1, 2022, Gruner + Jahr (G+J) is no longer reported as an independent division. The German magazine businesses and brands have been part of the RTL Group division since the beginning of the year. The remaining G+J activities (particularly Territory, the AppLike Group, DDV Mediengruppe and the investment in the Spiegel Group) were allocated to the Bertelsmann Investments division.

Bertelsmann SE & Co. KGaA is a capital-market-oriented but unlisted company limited by shares. As a group holding company, it exercises key corporate functions. Internal corporate management and reporting follow the Group's organizational structure, which consists of the operating divisions and Corporate.

Three foundations (Bertelsmann Stiftung, Reinhard Mohn Stiftung and BVG-Stiftung) indirectly hold 80.9 percent of Bertelsmann SE & Co. KGaA shares, with the remaining 19.1 percent held indirectly by the Mohn family. Bertelsmann Verwaltungsgesellschaft (BVG) controls all voting rights at the General Meeting of Bertelsmann SE & Co. KGaA and Bertelsmann Management SE (general partner).

Strategy

Bertelsmann's strategic focus is on a fast-growing, digital, international and diversified Group portfolio. In order to accelerate the growth dynamic, the Boost strategy will increase investment significantly in the years to come. The Group aims to grow in both existing and new lines of business through organic initiatives and acquisitions. The strategy pursues five growth priorities: national media champions, global content, global services, online education and investment portfolio.

In the first half of 2022, Bertelsmann once again made considerable progress in implementing its growth strategy.

The national media champions benefitted from initial major consolidation measures. At the beginning of the year, RTL Group completed the combination of RTL Deutschland and G+J. The disposals of RTL Belgium and RTL Croatia were also completed in the reporting period. The number of paying subscribers to streaming services RTL+ and Videoland rose by 48 percent to a total of over 4.5 million. RTL Germany also acquired attractive film and series packages from Warner Bros. and Paramount as well as a comprehensive package of national soccer games from UEFA and will broadcast each of these on free TV and the streaming platform RTL+.

Bertelsmann continued to invest in the expansion of the global content businesses. The production company Fremantle continued to pursue its international growth plan with five acquisitions and increases in shareholdings; among other things, Fremantle acquired a 70 percent interest in Lux Vide, Italy's leading independent television production company, and a 51 percent interest in the Irish television production company Element Pictures. For its English-language publishers, Penguin Random House secured the rights to the memoir of U2 lead singer Bono, which is scheduled for worldwide release on November 1, 2022, under the title "Surrender." BMG, the fourth-largest music business in the world, expanded its portfolio of rights by acquiring the majority of the music interests of John Lee Hooker and closed new contracts with artists such as Rita Ora, Elvis Costello and Julian Lennon.

Global services businesses were also further expanded. The growth drivers at Arvato were primarily the logistics and customer experience businesses (CX). In relation to this, Arvato Supply Chain Solutions saw growth primarily in the areas of consumer products, healthcare and technology. By acquiring Mayen at the beginning of the year, global CX company Majorel acquired a CX provider in Turkey. In addition, Majorel invested in the strategic partnership with Booking.com in the first half of the year and announced the acquisition of IST Networks, a CX technology specialist in the Middle East. In June, Majorel and the Sitel Group reached an agreement on the key conditions for a potential merger of both companies. Arvato Financial Solutions announced that it would operate under the new brand name Riverty beginning in October 2022. Since the beginning of the year, Arvato Systems has been focusing on six key customer industries and during the reporting period established the organizational modifications associated with this. In addition, the technology range and customer relationships were expanded in the

energy sector and in cloud services. In light of rapidly rising paper and energy prices, the Bertelsmann Printing Group focused on increasing the competitiveness of the printers.

Bertelsmann strengthened its global education business by increasing its stake in Afya. The NASDAQ-listed education company is a leading provider of medical education and training and digital solutions for medical practitioners in Brazil and, since this increase, is for the first time fully consolidated under the Bertelsmann Education Group division. The Bertelsmann Education Group now holds a total of 58 percent of the voting rights in Afya. Furthermore, Bertelsmann is increasing its stake in Afya in the medium term by acquiring more stock. The Bertelsmann Education Group continued to invest in developing the range of digital learning solutions of its e-learning provider Relias, while Alliant International University continued to expand its range of online courses.

As of June 30, 2022, Bertelsmann Investments (BI) held 313 investments worldwide after 29 new and 16 follow-on investments in the reporting period. BI increased its engagement in the digital health sector by acquiring a stake in Ada Health. Former G+J companies including the AppLike Group, Territory and the DDV Media Group have also been assigned to BI since the beginning of the year. Since June 1, CEO Carsten Coesfeld has headed up the Bertelsmann Investments division and, among other things, is responsible for the network of funds and the newly established department Bertelsmann Next.

Value-Oriented Management System

Bertelsmann's primary objective is continuous growth of the company's value through a sustained increase in profitability with efficient capital investment at the same time. Strictly defined operational performance indicators, including revenues, operating EBITDA and Bertelsmann Value Added (BVA), are used to directly assess current business performance and are correspondingly used in the outlook. These are distinguished from performance indicators used in the broader sense. These include the EBITDA margin and the cash conversion rate. Some key performance indicators are determined on the basis of so-called Alternative Performance Measures, which are not defined under International Financial Reporting Standards (IFRS). These should not be considered in isolation but as complementary information for evaluating Bertelsmann's business performance. For detailed information on this, please refer to the "Alternative Performance Measures" section in the 2021 Combined Management Report.

Revenues as a growth indicator of the businesses increased in the first half of 2022 by 6.9 percent to €9,290 million (H1 2021: €8,691 million). Organic revenue growth was 3.8 percent. Operating EBITDA is determined as earnings before interest, tax, depreciation, amortization, impairment losses and reversals of impairment losses, and is adjusted for special items. The adjustments for special items serve to determine a sustainable operating result that could be repeated under normal economic circumstances and is not affected by special factors or structural distortions. These special items primarily include impairment losses and reversals of impairment losses, fair value measurements, results from disposals of investments and/or restructuring expenses. This means operating EBITDA is a meaningful performance indicator. During the reporting period, operating EBITDA increased to €1,429 million (H1 2021: €1,417 million).

The performance indicator for assessing the profitability from operations and return on invested capital is Bertelsmann Value Added (BVA). BVA measures the profit realized above and beyond the appropriate return on invested capital. This form of value orientation is reflected in strategic investment and portfolio planning and in the management of operations and, together with qualitative criteria, provides the basis for measuring the variable portion of management remuneration. BVA is calculated as the difference between net operating profit after tax (NOPAT) and the cost of capital. NOPAT is calculated on the basis of operating EBITDA. Operating EBIT is the result of deducting amortization, depreciation, impairment losses and reversals of impairment losses, to the extent that these are not included in special items, totaling €486 million (H1 2021: €415 million). A flat tax rate of 30 percent was assumed in order to calculate NOPAT of €660 million (H1 2021: €702 million), which is used to calculate BVA. Cost of capital is the product of the average level of capital invested and the weighted average cost of capital (WACC). The average level of capital invested rose to €17.7 billion as of June 30, 2022 (H1 2021: €15.8 billion). The uniform WACC after taxes is 8 percent, resulting in a cost of capital of €708 million (H1 2021: €630 million) in the half-year reporting period. The average invested capital is calculated quarterly on the basis of the Group's operating assets less non-interest-bearing operating liabilities. In the first half of 2022, BVA fell to €7 million (H1 2021: €121 million). For determining BVA, the venture capital business of the Bertelsmann Investments division is excluded, since business performance is represented primarily on the basis of EBIT. Accordingly, the method does not include a

pro rata NOPAT contribution for this division's venture capital business. To maintain consistency, the invested capital of the venture capital business will be adjusted for the Bertelsmann Investment division; hence, capital costs will be neutralized.

Bertelsmann's financial management system is defined by the internal financial targets outlined in the section "Net Assets and Financial Position." These financing principles are pursued in the management of the Group and are included in the broadly defined value-oriented management system. The key financing and leverage ratios are also included in the Alternative Performance Measures.

Report on Economic Position

Corporate Environment

Overall Economic Developments

The war in Ukraine and the ongoing coronavirus pandemic represent threats to the recovery of the global economy. A significant increase in inflation can be seen worldwide, in conjunction with ongoing supply bottlenecks. Inflationary pressure is resulting in falling real wages in many countries, subduing private consumption.

According to Eurostat, the statistical office of the European Union, real gross domestic product (GDP) in the eurozone rose by a mere 0.5 percent in the first quarter of 2022 compared to the previous quarter. According to initial estimates, growth of 0.6 percent is expected for the second quarter of 2022.

Despite difficult global economic conditions, the German economy began 2022 with slight growth. Compared to the previous quarter, real GDP rose by 0.8 percent in the first quarter of 2022. According to the initial calculations of the German Federal Statistical Office, real GDP rose by 0.1 percent in the second quarter of 2022.

In the early months of 2022, France's economy was held back, in particular, by weak private consumption. According to INSEE, the French National Institute of Statistics and Economic Studies, real GDP fell by 0.2 percent in the first quarter of 2022 and rose by 0.5 percent in the second quarter of 2022.

In the United Kingdom, the economy recovered from the extensive coronavirus restrictions of the previous year. Real GDP rose by 0.8 percent in the first quarter of 2022; however, it fell by 0.1 percent in the second quarter of 2022.

Economic output in the United States decreased in the first half of 2022. Real GDP fell in the first quarter of 2022 at an annualized rate of 1.6 percent. In the second quarter of 2022, real GDP also decreased by an annualized rate of 0.6 percent according to initial calculations by the Bureau of Economic Analysis.

So far, the economic developments in all regions are below the current-year trend anticipated in the 2021 Combined Management Report.

Developments in Relevant Markets

The European television advertising markets saw mixed development in the first half of 2022. While the television advertising market in Germany was moderately declining, slight growth was recorded in France, strong growth in the Netherlands and significant growth in Hungary. The streaming markets in Germany and in the Netherlands grew strongly.

The markets for printed books were stable to slightly declining in the United States, stable in Germany, slightly declining in the United Kingdom, and moderately to strongly growing in the Spanish-speaking region. The market for e-books declined significantly in both the United States and the United Kingdom. The digital audiobook market grew moderately in the United States and strongly in the United Kingdom.

Global music publishing markets grew significantly. The global recorded-music markets grew strongly as strong streaming growth more than offset the moderate drop in physical recorded music.

The service markets relevant to Arvato showed overall moderate growth in the first half of 2022.

The relevant gravure printing markets in Germany and the United Kingdom declined strongly in the first six months of 2022, while the German offset markets declined moderately. The North American book printing market declined significantly.

The education markets in the United States where Bertelsmann is involved, training in healthcare and university education, as well as the Brazilian market for medical university courses exhibited moderate to strong growth in the reporting period.

For the most part, the developments thus far in the relevant markets are within the current-year trend anticipated in the 2021 Combined Management Report.

Significant Events in the Current Financial Year

In January 2022, Majorel acquired 80 percent of the shares in the Turkish CX provider Mayen. The consideration transferred amounted to €61 million. An advance payment of €58 million on the acquisition had already been made as of December 31, 2021.

In February 2022, Majorel announced a strategic partnership with Booking.com. Through the expanded partnership, Majorel acquired 12 of the 14 internal service centers from Booking.com. This consolidates the company's existing presence in the current markets while also expanding its geographic presence by entering into four new countries. The implementation was completed on June 1, 2022.

In March 2022, Fremantle acquired 70 percent of the shares in Lux Vide, Italy's leading independent television production company. The acquisition of Lux Vide forms part of Fremantle's wider international growth strategy to invest in premium production companies, content creators and talent from around the world – developing and securing original formats and exclusive IP.

At the end of March 2022, the Belgian antitrust authority approved the disposal of RTL Belgium to the media companies DPG Media and Groupe Rossel. This concludes the transaction announced by the RTL Group at the end of June 2021.

In May 2022, as part of its international growth strategy, Fremantle acquired 51 percent of the Irish film and television production company Element Pictures, the company behind award-winning films such as "The Favourite" and "Room," the dramatic production "Normal People" and the mini-series "Conversations with Friends."

In May 2022, Bertelsmann increased its stake in Nasdaq-listed education company Afya. The leading provider of medical education and training in Brazil has been consolidated since the acquisition date and is assigned to the Bertelsmann Education Group. Following the acquisition of six million Class B shares from the Esteves family for an amount of €147 million and the acquisition of a further interest upon gaining control, Bertelsmann now holds a total of 58 percent of the voting rights in Afya. Bertelsmann had been involved in establishing Afya since 2014 and, in August 2021, most recently had invested a three-digit million euro sum for an interest in the company.

In late May 2022, the Croatian antitrust authority approved the disposal of RTL Croatia to Central European Media

Enterprises (CME). With this, the transaction announced by the RTL Group in February 2022 was concluded as of June 1, 2022.

In June 2022, Majorel, Sitel Group and their respective major shareholders, including Bertelsmann, agreed on non-binding key terms for the planned merger of their two companies to create a new global leader in the customer experience industry. The planned merger is subject to the approval of antitrust authorities. The transaction is expected to close in the first quarter of 2023.

Results of Operations

Revenue Development

Group revenues increased in the first half of 2022 by 6.9 percent to €9,290 million (H1 2021: €8,691 million). Adjusted for exchange rate effects of 2.6 percent (H1 2021: -2.8 percent) and portfolio and other effects of 0.5 percent (H1 2021: -3.1 percent), organic revenue growth amounted to 3.8 percent (H1 2021: 16.6 percent).

RTL Group revenues increased compared with the same period in the previous year. The main reasons for this were strong business development at RTL Nederland, the ongoing dynamic growth of streaming businesses, portfolio effects at RTL Germany after the takeover of G+J and at Fremantle, and positive currency effects. Revenues at Penguin Random House rose mainly as a result of exchange rates and due to revenue growth at the Spanish-language publishers of Grupo Editorial. BMG achieved revenue growth due primarily to strong organic growth. Arvato recorded an increase in revenue against a backdrop of the continued positive business performance of the CX company Majorel and Supply Chain Solutions. The Bertelsmann Printing Group revenues grew primarily from price transmission. In addition to organic growth, the Bertelsmann Education Group also benefitted from portfolio effects in light of the increased stake in Afya. The revenues of the Bertelsmann Investments division are mainly generated by the activities of Bertelsmann Next as well as investments and primarily through former G+J activities. The decline in revenues from former G+J activities is mainly the result of portfolio changes related to the divestment of G+J France in the previous year.

The following changes occurred in the geographical breakdown of revenues compared to the same period last year. The revenue share in Germany amounted to 29.7 percent compared to 30.3 percent in the first half of 2021. The revenue share generated by France amounted to 10.5 percent

Operating EBITDA

in € millions	H1 2022	H1 2021
EBIT (earnings before interest and taxes)	840	1,929
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	495	424
Adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items	(9)	(9)
Special items	103	(927)
attributable to: RTL Group	(4)	(717)
attributable to: Penguin Random House	44	8
attributable to: BMG	–	3
attributable to: Arvato	10	6
attributable to: Bertelsmann Printing Group	(8)	20
attributable to: Bertelsmann Education Group	24	(4)
attributable to: Bertelsmann Investments	(13)	(242)
attributable to: Corporate	50	(1)
Operating EBITDA	1,429	1,417

(H1 2021: 11.4 percent). In the United Kingdom, the revenue share was 6.4 percent (H1 2021: 6.6 percent), while the other European countries achieved a revenue share of 20.8 percent (H1 2021: 20.0 percent). The share of total revenues generated in the United States amounted to 24.4 percent (H1 2021: 24.6 percent); other countries accounted for a share of 8.2 percent (H1 2021: 7.1 percent). Thus, the total share of revenues represented by foreign business amounted to 70.3 percent (H1 2021: 69.7 percent). Compared to the first half of 2021, there was only marginal change in the ratio of the four revenue streams (own products and merchandise, advertising, services, and rights and licenses) to one another.

Operating EBITDA

During the reporting period, operating EBITDA rose to €1,429 million (H1 2021: €1,417 million). In addition to positive business development primarily in the music, services and education businesses, the performance is impacted by higher start-up losses in connection with the expansion of the streaming area. The EBITDA margin amounted to 15.4 percent after 16.3 percent in the same period last year.

Operating EBITDA of the RTL Group increased compared to the same period last year despite the higher start-up losses for further expansion of the streaming business, thanks above all to the higher earnings contribution of RTL Nederland. The decrease in earnings at Penguin Random House is attributable in particular to the US business, which was unfavorably impacted by a challenging market environment

and an increase in production and distribution costs. BMG recorded strong earnings growth. Operating EBITDA at Arvato increased as a result of the ongoing positive performance at the CX company Majorel and in the Supply Chain Solutions sector. Earnings of the Bertelsmann Printing Group were lower than in the same period of the previous year, since higher production costs could only partly be passed on. Compared to the previous year, operating EBITDA of the Bertelsmann Education Group increased mostly due to portfolio effects. Furthermore, Relias generated higher earnings. Earnings from operational activities at Bertelsmann Investments declined, mainly as a result of portfolio effects.

Special items

Overall, special items amounted to €-103 million (H1 2021: €927 million). They consisted of impairment losses on other financial assets at amortized cost in the amount of €-1 million (H1 2021: €-1 million), impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations of €3 million (H1 2021: –), results from disposals of investments of €134 million (H1 2021: €794 million), fair value measurement of investments of €-149 million (H1 2021: €197 million), and restructuring expenses and other special items totaling €-90 million (H1 2021: €-59 million). Carrying amounts of assets classified as held for sale were not adjusted in the reporting period after an adjustment of €-4 million in the previous year. The results from disposals of investments include disposal proceeds from the sale of RTL Belgium. The high value of the same period in the previous year is primarily related to the sale of SpotX in 2021.

EBIT

EBIT amounted to €840 million in the reporting period (H1 2021: €1,929 million) after adjusting operating EBITDA to include special items totaling €-103 million (H1 2021: €927 million) as well as the amortization, depreciation, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, and right-of-use assets totaling €-486 million (H1 2021: €-415 million), which were not included in special items.

Group Profit

The financial result was €-161 million (H1 2021: €-155 million). The tax expense was €-187 million compared to €-406 million in the same period last year. The year-over-year decrease is attributable to lower special items in the first half of 2022. Group profit therefore amounted to €492 million (H1 2021: €1,368 million). The share of Group profit attributable to Bertelsmann shareholders was €298 million (H1 2021: €1,052 million). The non-controlling interests in Group profit came to €194 million (H1 2021: €316 million).

Net Assets and Financial Position

Financing Guidelines

The primary objective of Bertelsmann's financial policy is to achieve a balance of financial security, return on equity and growth. For this purpose, Bertelsmann bases its financing policy on the requirements of a "Baa1/BBB+" credit rating and the associated qualitative and quantitative criteria. Credit ratings and capital market transparency make a considerable contribution to the company's financial security and independence.

In accordance with the Group structure, the capital allocation is made centrally by Bertelsmann SE & Co. KGaA, which provides the Group companies with liquidity and manages the issuance of guarantees and letters of comfort for them. The Group uses this method to optimize its capital procurement and investment opportunities.

Bertelsmann utilizes a financial control system employing quantitative financial targets concerning the Group's economic debt and, to a lesser extent, its capital structure. One of the financial targets is a dynamic leverage factor, which is calculated as the ratio of economic debt to operating EBITDA over a 12-month period and limited to the defined maximum of 2.5, which should not be exceeded permanently. As of June 30, 2022, operating EBITDA (12 months) amounted to €3,253 million (June 30, 2021: €3,551 million).

Economic debt is defined as net financial debt less 50 percent of the nominal capital of the hybrid bonds amounting to €625 million (December 31, 2021: €625 million) and investments in a special fund established in 2021 that can be converted into cash at short notice amounting to €130 million (December 31, 2021: €103 million), plus provisions for pensions amounting to €791 million (December 31, 2021: €1,474 million), profit participation capital amounting to €413 million (December 31, 2021: €413 million) and lease liabilities amounting to €1,427 million (December 31, 2021: €1,356 million). As of June 30, 2022, economic debt was €4,152 million (December 31, 2021: €3,475 million). In determining the leverage factor, the economic debt and the 12-month operating EBITDA are modified to enable financial management that corresponds to the Group's structure. For the purpose of this calculation, economic debt was therefore increased by €250 million (December 31, 2021: €250 million) and operating EBITDA decreased by €-325 million (December 31, 2021: €-324 million). This results in a leverage factor of 1.5 as of June 30, 2022 (December 31, 2021: 1.3). Net financial debt increased to €2,276 million compared to €959 million as of December 31, 2021.

Financing Activities

In January 2022, Bertelsmann repaid parts of bonds due in August 2022, October 2024, September 2025, and April 2026 in a total nominal amount of €146 million ahead of schedule as part of a public repurchase offer.

Rating

Bertelsmann bases its financing on the requirements of a credit rating of "Baa1/BBB+." Bertelsmann is currently rated by Moody's as "Baa2" (outlook: stable) and by S&P as "BBB" (outlook: stable). Both credit ratings are in the investment-grade category. Bertelsmann's short-term credit quality rating is "P-2" from Moody's and "A-2" from S&P.

Cash Flow Statement

In the reporting period, Bertelsmann generated cash flow from operating activities of €178 million (H1 2021: €238 million). The cash flow from investing activities amounted to €-249 million compared to €575 million in the same period last year. The prior-year figure includes high profits from the disposal of subsidiaries and other business units. The figure for this reporting period includes, among other things, payments for the increased stake in Afya in connection with gaining control as well as the disposal proceeds from RTL Belgium. The cash flow from financing activities was €-1,033 million (H1 2021: €-1,831 million).

Consolidated Cash Flow Statement (Summary)

in € millions	H1 2022	H1 2021
Cash flow from operating activities	178	238
Cash flow from investing activities	(249)	575
Cash flow from financing activities	(1,033)	(1,831)
Change in cash and cash equivalents	(1,104)	(1,018)
Exchange rate effects and other changes in cash and cash equivalents	121	58
Cash and cash equivalents as of 1/1	4,669	4,643
Cash and cash equivalents as of 6/30	3,686	3,683
Less cash and cash equivalents included within assets held for sale	(331)	(8)
Cash and cash equivalents as of 6/30 (according to the consolidated balance sheet)	3,355	3,675

In addition to higher dividend payments, this also includes the repayments described in the “Financing Activities” section. The difference compared with the same period in the previous year is primarily attributable to the high repayment measures taken in H1 2021. Cash and cash equivalents decreased to €3,355 million as of June 30, 2022 (December 31, 2021: €4,645 million).

Investments

According to the cash flow statement, investments in the first half of 2022 amounted to €727 million (H1 2021: €573 million). Investments in intangible assets came to €247 million (H1 2021: €166 million) and were attributable primarily to BMG for the acquisition of music catalogs and to RTL Group for investments in film rights. As in the same period last year, the majority of investments in property, plant and equipment, totaling €181 million (H1 2021: €140 million), was attributable to Arvato. The sum of €206 million was invested in financial assets (H1 2021: €143 million). Purchase price payments for consolidated investments (less acquired cash and cash equivalents) totaled €93 million in the reporting period (H1 2021:

€124 million) and were attributable to the increased stake in Afya, among other things.

Balance Sheet

As of June 30, 2022, total assets rose to €32.6 billion (December 31, 2021: €31.7 billion). On the asset side, the increase in intangible assets, among other things, contributed to a slight increase in net assets. On the equity and liabilities side, the increase is attributable to a rise in equity, among other things, which increased to €14.8 billion after €13.6 billion as of December 31, 2021. The resulting equity ratio amounts to 45.2 percent (December 31, 2021: 42.8 percent). Pension provisions decreased to €0.8 billion (December 31, 2021: €1.5 billion). The main reason for the noticeable decrease in pension provisions is a further significant rise in the discount rate. Cash and cash equivalents decreased to €3.4 billion as of June 30, 2022, from €4.6 billion as of December 31, 2021.

Employees

As of June 30, 2022, Bertelsmann had 162,410 employees worldwide.

Performance of the Group Divisions

RTL Group

RTL Group had a solid first half of 2022, growing its revenues and operating result despite a challenging macroeconomic environment and higher streaming start-up losses. The group's higher revenues were driven primarily by the strong performance of RTL Nederland, higher streaming revenue, scope effects at RTL Deutschland and Fremantle as well as positive foreign exchange rate effects. RTL Group's revenues increased by 2.6 percent to €3.3 billion in the first six months of the year (H1 2021: €3.2 billion), while operating EBITDA increased by 2.1 percent to €610 million (H1 2021: €598 million).

RTL Group made strategic progress with the combination of RTL Deutschland and Gruner + Jahr into Germany's first cross-media champion on January 1, 2022. RTL Belgium, RTL Croatia and the stake in the US software and data company VideoAmp were sold during the reporting period. In France, the case team of the French Competition Authority considered that the proposed merger of Groupe TF1 and Groupe M6 raises significant competition concerns. Hearings before the Board of the French Competition Authority are scheduled for September, and a decision is expected in October. An antitrust decision is also expected in the fall concerning the proposed merger of Talpa Network and RTL Nederland.

The streaming services RTL+ in Germany and Videoland in the Netherlands increased their number of paying subscribers by 48 percent to a combined 4.5 million; streaming revenues grew by 21.5 percent to €130 million. The families of channels in Germany and the Netherlands increased their audience shares. RTL Deutschland acquired attractive film and series packages from Warner Bros. and Paramount, and an extensive international package from UEFA for matches of the German national team – all three for broadcast on free TV and RTL+.

Fremantle further expanded its business by acquiring the production companies Element Pictures and Lux Vide, increasing its share in previously invested businesses, and signing major talent deals.

Penguin Random House

Penguin Random House reported an increase in revenues for the first half of the year, driven by positive currency effects. Adjusted for exchange-rate effects, revenue and earnings declined, given the continuing inflationary pressure and supply-chain challenges. Penguin Random House revenues increased by 6.3 percent to €1.9 billion (H1 2021: €1.8 billion),

while operating EBITDA decreased by 20.6 percent to €257 million (H1 2021: €324 million). A trial in the US government's challenge of Bertelsmann's planned purchase of Simon & Schuster was held in August in the US District Court in Washington, D.C. The judge's ruling is expected this fall.

In the first half of the year, the publishing group again benefited from strong sales of backlist titles, such as "Atomic Habits" by James Clear and "Where the Crawdads Sing" by Delia Owens; the latter sold a further two million copies in the US alone in the run-up to its theatrical film release. Successful new releases in the US included "Sparring Partners" by John Grisham and "How to Raise an Antiracist" by Ibram X. Kendi. In the children's book sector, Dr. Seuss classics sold more than 5.7 million copies in all formats and editions. Penguin Random House secured the rights to U2 singer Bono's memoirs for its English-language publishers. Titled "Surrender," the book will be published worldwide on November 1, 2022.

In the UK, the Penguin Random House UK publishing group recorded a revenue increase thanks to higher export revenues and a recovery of high street bookstore sales. The DK division increased its revenues and earnings over the prior year, driven by growth across its publishing list. Penguin Random House Verlagsgruppe recorded a year-on-year revenue decline caused by a soft market development. The Spanish-language publishing group achieved record results again, thanks to strong performance in Spain and Latin America. The publishing houses in Australia/New Zealand, India and South Africa performed well in the first half of 2022, as did Grupo Companhia das Letras in Brazil.

Penguin Random House's audio growth remained stable at a high level in the first half of the year.

BMG

Bertelsmann's music subsidiary BMG delivered strong growth in its revenues and operating profit in the first half of the year, driven primarily by growth in the recording business, but also by gains in publishing. Revenues increased by 25.3 percent to €371 million (H1 2021: €296 million), and operating EBITDA increased by 46.1 percent to €73 million (H1 2021: €50 million), each reaching a new record level. The revenue share of digital businesses of BMG's overall revenue increased to 69 percent (H1 2021: 62 percent).

BMG tripled its spending on catalog acquisitions in the first half of the year compared with the same period last year. The company acquired rights packages from blues icon John Lee Hooker and Scottish rock band Primal Scream, among others.

The George Harrison Estate commissioned BMG to manage his song catalog. Key signings included Rita Ora, Julian Lennon and Logic in recordings and Elvis Costello in publishing. Mark Owen signed a recordings and publishing deal for future solo works and songs written with Take That.

In the recording business, highly successful releases included projects from Jason Aldean, Slash ft. Myles Kennedy & The Conspirators, 5 Seconds of Summer, Eurovision finalist Chanel, and Bryan Adams. In publishing, besides successful releases by Sea Power, Blossoms and George Ezra, works by BMG songwriters including Roger Waters, Mick Jagger and Keith Richards, as well as Kurt Cobain continued to perform well.

BMG doubled down on its activities in the film sector, presenting three documentaries: "DIO: Dreamers Never Die" about heavy metal legend Ronnie James Dio, "Angelheaded Hipster: The Songs of Marc Bolan & T. Rex," and Brett Morgan's highly anticipated "Moonage Daydream," the first film about David Bowie to be endorsed by his estate.

Arvato

Bertelsmann's services businesses, which are bundled in the Arvato division, reported a very positive performance in the first half of 2022. The main drivers were Arvato's supply chain businesses and Majorel's customer experience (CX) business. Overall, the globally active Services unit once again achieved a significant improvement in both revenues and operating profit. Revenue increased by 8.3 percent to €2.6 billion (H1 2021: €2.4 billion) and operating EBITDA by 11.4 percent to €446 million (H1 2021: €400 million).

Arvato's supply chain management businesses grew dynamically and profitably in the reporting period, especially internationally. New customers were acquired in the books, toys, healthcare, tech and large-scale fashion sectors, among others. At the same time, the existing network of locations was significantly expanded by setting up new distribution centers and expanding existing ones in Germany, the US, and Poland, among other places. In addition, the company once again invested in equipping selected sites with state-of-the-art automation technology, expanding the cloud infrastructure and installing high-performance photovoltaic systems.

Arvato Financial Solutions' financial services businesses registered a slight decline in revenues and operating result. The reasons for this decline are a gloomy consumer climate in the core markets and the consequences of government regulations in the receivables management sector. By contrast, the Swiss-based MF Group reported a positive business performance, while Arvato Financial Solutions systematically

advanced the transformation of its business model, completed the associated repositioning and announced a change of name. Starting in October, the financial services businesses will operate under the new name Riverty.

In the first six months of the current financial year, as economic conditions continued to be difficult, the IT service provider Arvato Systems recorded a decline. Since the beginning of the year, the Group has focused on six key customer industries and completed the associated organizational adjustments in the reporting period. At the same time, the IT experts managed to acquire various new projects and customers. One of their focuses was on the energy industry, where both the Smart Energy platform and existing customer relationships were expanded. New customer contracts were signed in the healthcare, energy, manufacturing, and retail & consumer goods sectors. In addition, Arvato Systems further developed its portfolio of cloud services and won various high-profile awards.

Majorel, a CX solutions provider listed on Euronext Amsterdam, reported double-digit growth in its first-half revenues and operating earnings. The company continued to build its long-term relationships with digital and industry-leading customers and expanded its global footprint. Majorel also completed its acquisition of Mayen, a CX provider in Turkey, and of Alembo, a CX/BPO provider in Suriname, thereby strengthening its nearshore and offshore capabilities, and announced the acquisition of IST Networks, a CX technology services provider. On June 20, 2022, Majorel and Sitel Group agreed on the key terms of a potential merger between the two companies. Please refer to the section "Assets Held for Sale and Related Liabilities" in the Condensed Interim Consolidated Financial Statements regarding the amended carrying amounts as of June 30, 2022.

Bertelsmann Printing Group

Bertelsmann Printing Group (BPG), which provides printing and marketing services primarily in Europe and North America, was confronted with high prices for paper, other raw materials and energy and a resulting decline in demand in the first half of 2022. The partial passing on of paper price increases to customers in particular led to a year-on-year revenue increase of 11.5 percent to €696 million (H1 2021: €624 million). Operating EBITDA, on the other hand, decreased to €15 million (H1 2021: €26 million, down 41.4 percent) due to the fact that only part of the cost increases could be passed on.

The offset printing businesses recorded a decline in earnings in the first six months, mainly due to higher procurement costs for energy. The market decline that has been ongoing

for years in gravure printing continued. This resulted in lower utilization of production capacities at Prinovis Germany. The Prinovis site in Dresden will close at the end of 2022 as a result of the structural market decline in gravure-related print products.

A positive trend among existing and new customers led to a year-on-year increase in revenues and operating profit for the Marketing Services businesses. This was equally the case for Dialog's multichannel marketing services, the DeutschlandCard multi-partner rewards program and Campaign's campaign-management businesses, which among other things further expanded their innovative Programmatic Print business in the first six months of the year.

The group's printing activities in the UK and the US presented a mixed picture. Prinovis Liverpool once again grappled with intense competition, falling prices and a significant market downturn. In addition, there were further negative volume effects in the reporting period from the loss of a major customer in the fall of last year. Increases in the cost of materials and other factors, which were also noticeable in the US, led to an overall moderate decline in earnings from local activities. Investments in the book printing business improved productivity and provided sustainable capacity for publishing customers in the US.

BPG's replication and packaging specialists were able to hold their own in a market that continued to decline, but reported a drop in earnings due to the generally difficult cost situation. By contrast, the business with sustainable packaging solutions for the food industry and the vinyl service business saw further expansion.

Bertelsmann Education Group

Bertelsmann's education businesses generated revenues of €231 million in the first six months of 2022, up 69.3 percent year on year (H1 2021: €136 million). The Bertelsmann Education Group achieved operating EBITDA of €74 million (H1 2021: €44 million, plus 68.4 percent). The significant increase in revenues and earnings is primarily attributable to the acquisition and the resulting consolidation of the Brazilian education provider Afya in May 2022. Adjusted for portfolio and exchange-rate effects, revenue in the first six months of the year increased organically by 5.6 percent year on year primarily due to the strong growth of Relias and Alliant.

Both Relias, a leading provider of online education and training for medical professionals, as well as Alliant University, which is specialized in training and certification of psychologists and

teachers, profited overall from stronger demand and each reported revenue growth.

Relias continues to achieve strong performance with its learning solutions for healthcare providers throughout the entire sector and is benefitting from the increasing shift to online education and from high demand for human resources management solutions for improving clinical performance. Alliant University reported higher revenue which is mainly attributable to the continual expansion of its range of online courses. Moreover, Alliant was able to further expand its market share in teacher training and certification in California. Alliant also opened a school for nursing care and health sciences.

In May 2022, Bertelsmann increased its stake held in the NASDAQ-listed education company Afya and completely allocated its majority interest in the company into the Bertelsmann Education Group. Afya is a leading medical education company in Brazil with 35 locations throughout the entire country. The focus is currently on the education and training of doctors. Afya is increasing its focus on digital solutions for doctors: tools to support patient diagnosis and for medical practice management including electronic patient files, tele-med services and digital prescriptions. Around one third of doctors in Brazil currently use at least one of Afya's digital solutions. The Bertelsmann Education Group holds 58 percent of the voting rights in Afya. Bertelsmann has been a stakeholder in Afya's development since 2014.

Bertelsmann Investments

Since June 1, CEO Carsten Coesfeld has headed up the Bertelsmann Investments division and, among other things, is responsible for the network of funds and the newly established department Bertelsmann Next.

Through its venture capital organization comprising the funds, BI made 29 new and 16 follow-on investments in innovative companies and funds in the first half of 2022. Its active portfolio consists of 313 investments as of the reporting date.

During the reporting period, Bertelsmann Digital Media Investments (BDMI) made 16 new and seven follow-on investments, among them Lemonada Media, a podcast network founded in 2019. BDMI also invested in several startups in the NFT and Web3 environment, including PERCS, an NFT-enabled loyalty solution for brands, and Memorable.ai, a marketing SaaS platform. Beyond this, the fund recorded some successful exits with the sale of its investments in Clique Media, a content platform in the

fashion space, The Athletic, a sports reporting company, and Podlights, a marketer of podcast advertising.

Bertelsmann Asia Investments (BAI) strengthened its tech focus and expanded its portfolio with an investment in CIX Technology, a Chinese start-up company, and further increased its stake in China's 5G chip manufacturer Cygnus Semi. BAI also increased its stake in Stori, a Latin American neobank. Since its launch in January 2020, Stori has issued more than one million credit cards. Stori has enjoyed "unicorn" status since its last round of financing. In all, BAI made seven new and six follow-on investments during the reporting period.

Bertelsmann India Investments (BII) invested in Orange Health, an online diagnostics chain, during the first half of 2022, as well as in Bijak and Vymo. Follow-on investments were made in Rupeek and Agrostar. As part of Bertelsmann's Group-wide "Boost" strategy, BII announced plans to make new and follow-on investments totaling €470 million within five years. BII will focus on investments in sectors including health tech, enterprise tech, future of work, fintech and agritech.

In Southeast Asia, too, BI made an initial direct investment in Naluri, a company that offers a digital health program for companies and their employees to prevent and treat chronic diseases. The company already has more than 80 corporate clients, through which 50,000 members are registered on its platform. BI also expanded its engagement in

Southeast Asia with an investment in Singapore's Openspace Ventures Plus (OSV+) fund.

The investment activities of G+J Digital Ventures were reallocated to BI's venture capital organization.

Bertelsmann Investments' newly created Bertelsmann Next department will drive the entrepreneurial development of new growth sectors and lines of business, including digital health, with a focus on the US. During the reporting period, Bertelsmann Next made its first few investments in innovative funds and companies in the digital health sector. These include the Rock Health fund and the companies Ada Health and Qunomedical.

The AppLike Group, with its four divisions App Marketing, Reach Building, Mobile Games Development and Automation, was organizationally transferred to BI, and more precisely to the Bertelsmann Next division, during the reporting period. The AppLike Group was previously part of G+J. As part of Bertelsmann's "Boost" strategy, around €100 million will be invested in the organic development of new businesses, technologies and platforms within the AppLike Group.

Since the combination of RTL Deutschland and G+J, the communications agency Territory and the associated employability specialist Embrace, the majority stake in DDV Mediengruppe, and a stake in the Spiegel Group have also become part of BI and are reported under Investments & Participations.

Significant Events after the Balance Sheet Date

The approvals of the relevant authorities in the respective countries are still outstanding for the planned mergers of Penguin Random House and Simon & Schuster in the US, of Groupe M6 and Groupe TF1 in France, and of RTL Nederland and Talpa Network in the Netherlands.

Risks and Opportunities

Risk Management System

Please refer to the 2021 Combined Management Report for a description of Bertelsmann's risk management system (RMS) and the accounting-related RMS and internal control system (ICS).

Significant Changes in Risks Compared to the 2021 Combined Management Report

Please refer to the respective disclosures in the 2021 Combined Management Report for a description of the key risks to the Bertelsmann Group. Overall, as of June 30, 2022, the same Group risks are considered material as those existing as of December 31, 2021. However, the significance of individual types of risk in terms of Bertelsmann's future business performance has changed. Rising factor costs caused by inflation along with an economic slowdown as a result of the Ukraine war and the coronavirus pandemic currently represent the greatest risks in the Group.

Strategic and Operational Risks

Overall, the risks of the Group have increased from those depicted in the 2021 Combined Management Report. In particular, the rising costs of personnel, material and energy are negatively impacting operations. These higher costs can only be partially offset by price adjustments and efficiency measures. A potential recession driven by inflation could also have a negative impact on the RTL Group's advertising-financed businesses. Possible further capacity adjustments at the Bertelsmann Printing Group are becoming more likely in light of a downturn in the market development. In contrast, the challenges in the supply chains arising in connection with the coronavirus pandemic have decreased and, for Penguin Random House, serve to lower risk.

Uncertainty about the macroeconomic trend increased significantly in the first half of 2022. In addition to the economic and social impacts of the still ongoing coronavirus

pandemic, the war in Ukraine, in particular, depressed economic development to a considerable extent and caused economic downturns in the markets relevant for Bertelsmann. In addition, further geopolitical crises, national deficits, currency turbulence or the introduction of higher tariffs as a result of rising protectionist tendencies could interfere with economic performance and influence Bertelsmann's risk situation.

Legal and Regulatory Risks

As part of the corporate strategy, Bertelsmann is planning mergers of Penguin Random House and Simon & Schuster in the US, of Groupe M6 and Groupe TF1 in France, and of RTL Nederland and Talpa Network in the Netherlands, for which the respective approvals of the relevant authorities are still outstanding. On November 2, 2021, the Department of Justice filed suit seeking to enjoin the acquisition of Simon & Schuster. Oral arguments took place in August in the US District Court for the District of Columbia. The judge's ruling is expected this fall. On July 26, 2022, during the review of the proposed merger between Groupe TF1 and Groupe M6, the case team of the French Competition Authority (Autorité de la Concurrence) presented its report. In this report, which does not prejudge the decision by the Board (Collège) of the authority, the case team considers that the proposed transaction raises significant competition concerns (in particular on the advertising market). The nature and scope of the remedies required in the report of the case team would render the parties' proposal irrelevant, in which case the parties would withdraw it. The parties – who intend to maintain their proposal as presented – have responded to the Competition Authority in August. The hearings before the Board of the French Competition Authority are scheduled for the beginning of September 2022. A decision is expected in October. An antitrust decision is also expected in the fall concerning the proposed merger of Talpa Network and RTL Nederland. Furthermore, regulatory changes could impact Bertelsmann's business models. Please refer to the 2021 Combined Management Report for details of other legal and regulatory risks.

Financial Market Risks

Compared with the situation in the 2021 Combined Management Report, financial market risks have increased slightly overall. The increase results from the increase in currency risks. Offsetting effects arise from the lower interest rate risk as a result of lower financial assets and forming new interest rate derivatives.

Overall Risk

The overall risk position has increased as a whole. Despite the uncertainties described above, no risks were identified for Bertelsmann as a going concern as of June 30, 2022.

Opportunities

The assessment of opportunities has not changed substantially compared to the information presented in the 2021 Combined Management Report.

Outlook

The outlook for the global economy has deteriorated in light of the Ukraine war, high inflationary pressure followed by a tightening of monetary policy in many countries, the continuing coronavirus-related restrictions and ongoing disruptions to supply chains. Further inflation could place a further burden on private households and businesses. As a result of this, most economic institutes have lowered their economic forecasts in recent months. Economic estimates by the Kiel Institute for the World Economy (IfW) forecasting global economic development of 3.0 percent for the full year 2022 are also below previous estimates.

High inflation and the effects of the war in Ukraine are also hampering economic recovery in the eurozone. The IfW anticipates real GDP growth of 3.1 percent for 2022 for the eurozone. At the same time, GDP in Germany is only expected to rise by 2.2 percent in light of the strained energy supply. Growth of 2.6 percent is expected in France. High inflationary pressure is also noticeable in the United Kingdom. According to the IfW estimates, real GDP could grow by 2.9 percent in 2022. The economic outlook for the United States has also deteriorated. The IfW expects real GDP to grow by a mere 2.4 percent in 2022.

These assessments are subject to a high degree of uncertainty. In addition to the risks arising in connection with the Ukraine war and the coronavirus pandemic, there is a possibility that inflation could become entrenched. This unpredictability is currently a challenge when trying to assess the effects on the markets relevant to Bertelsmann and the anticipated overall economic situation. In addition, further geopolitical crises, national deficits, currency turbulence or the introduction of higher tariffs as a result of rising protectionist tendencies could interfere with economic performance. The impact could also have negative repercussions on the overall economic situation, which is a key factor influencing Bertelsmann's business performance. The following expectations are based on an assumption that most economic predictions of the research institutions will be realized.

For the 2022 financial year, Group revenues are expected to increase significantly to strongly, also due to portfolio effects (outlook in the 2021 Annual Report: moderate increase), and an unchanged moderate decline for operating EBITDA in view of start-up losses regarding the expansion of the streaming business at RTL Group. Adjusted for these start-up losses, a stable development is still expected.

These forecasts are based on Bertelsmann's current business strategy, as outlined in the "Corporate Profile" section. In general, the forecasts reflect careful consideration of risks and opportunities and are based on operational planning and the medium-term outlook for the corporate divisions. All statements concerning potential future economic and business developments represent opinions advanced on the basis of the information that is currently available. Should underlying assumptions fail to apply and/or further risks arise, actual results may differ from those expected. Accordingly, no assurances can be provided concerning the accuracy of such statements.

Condensed Interim Consolidated Financial Statements

Consolidated Income Statement

in € millions	H1 2022	H1 2021
Revenues	9,290	8,691
Other operating income	213	382
Cost of materials	(2,952)	(2,688)
Royalty and license fees	(684)	(672)
Personnel costs	(3,090)	(2,881)
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(495)	(424)
Other operating expenses	(1,569)	(1,307)
Results from investments accounted for using the equity method	(7)	34
Impairment and reversals on investments accounted for using the equity method	-	-
Results from disposals of investments	134	794
EBIT (earnings before interest and taxes)	840	1,929
Interest income	9	7
Interest expenses	(67)	(73)
Other financial income	10	3
Other financial expenses	(113)	(92)
Financial result	(161)	(155)
Earnings before taxes	679	1,774
Income tax expense	(187)	(406)
Group profit or loss	492	1,368
attributable to:		
Bertelsmann shareholders	298	1,052
Non-controlling interests	194	316

Consolidated Statement of Comprehensive Income

in € millions	H1 2022	H1 2021
Group profit or loss	492	1,368
Items that will not be reclassified subsequently to profit or loss		
Remeasurement component of defined benefit plans	438	251
Changes in fair value of equity instruments	1	1
Share of other comprehensive income of investments accounted for using the equity method	22	–
Items that will be reclassified subsequently to profit or loss when specific conditions are met		
Exchange differences		
– changes recognized in other comprehensive income	270	157
– reclassification adjustments to profit or loss	12	(12)
Cash flow hedges		
– changes in fair value recognized in other comprehensive income	13	(17)
– reclassification adjustments to profit or loss	19	25
Share of other comprehensive income of investments accounted for using the equity method	34	2
Other comprehensive income net of tax	809	407
Group total comprehensive income	1,301	1,775
attributable to:		
Bertelsmann shareholders	1,081	1,450
Non-controlling interests	220	325

Consolidated Balance Sheet

in € millions	6/30/2022	12/31/2021
Assets		
Non-current assets		
Goodwill	8,754	8,179
Other intangible assets	3,742	2,705
Property, plant and equipment and right-of-use assets	2,848	2,774
Investments accounted for using the equity method	727	1,340
Minority stakes and other financial assets	1,769	1,584
Trade and other receivables	97	71
Other non-financial assets	1,131	1,047
Deferred tax assets	694	989
	19,762	18,689
Current assets		
Inventories	2,367	1,902
Trade and other receivables	4,154	4,594
Other financial assets	240	386
Other non-financial assets	1,185	1,068
Current income tax receivables	213	176
Cash and cash equivalents	3,355	4,645
	11,514	12,771
Assets held for sale	1,368	254
	12,882	13,025
	32,644	31,714
Equity and liabilities		
Equity		
Subscribed capital	1,000	1,000
Capital reserve	2,345	2,345
Retained earnings	9,069	8,266
Bertelsmann shareholders' equity	12,414	11,611
Non-controlling interests	2,338	1,963
	14,752	13,574
Non-current liabilities		
Provisions for pensions and similar obligations	791	1,474
Other provisions	169	198
Deferred tax liabilities	173	104
Profit participation capital	413	413
Financial debt	4,898	4,857
Lease liabilities	1,162	1,082
Trade and other payables	693	505
Other non-financial liabilities	406	397
	8,705	9,030
Current liabilities		
Other provisions	207	288
Financial debt	733	747
Lease liabilities	265	274
Trade and other payables	4,949	5,282
Other non-financial liabilities	2,135	2,294
Current income tax payables	78	110
	8,367	8,995
Liabilities related to assets held for sale	820	115
	9,187	9,110
	32,644	31,714

Consolidated Cash Flow Statement

in € millions	H1 2022	H1 2021
EBIT (earnings before interest and taxes)	840	1,929
Taxes received/paid	(216)	(407)
Depreciation and write-ups of non-current assets	493	429
Results from disposals of investments	(134)	(794)
Gains/losses from disposals of non-current assets	(20)	(2)
Change in provisions for pensions and similar obligations	(49)	(239)
Change in other provisions	(122)	(39)
Change in net working capital	(850)	(435)
Fair value measurement of investments	149	(197)
Other effects	87	(7)
Cash flow from operating activities	178	238
Investments in:		
– intangible assets	(247)	(166)
– property, plant and equipment	(181)	(140)
– financial assets	(206)	(143)
– purchase prices for consolidated investments (net of acquired cash)	(93)	(124)
Disposals of subsidiaries and other business units	196	680
Disposals of other fixed assets	282	468
Cash flow from investing activities	(249)	575
Redemption of bonds and promissory notes	(146)	(1,026)
Redemption of other financial debt	(90)	(135)
Proceeds from other financial debt	110	86
Redemption of lease liabilities	(150)	(136)
Interest paid	(168)	(169)
Interest received	22	9
Dividends to Bertelsmann shareholders	(220)	(180)
Dividends to non-controlling interests and payments to partners in partnerships (IAS 32.18(b))	(269)	(225)
Change in equity	(86)	(32)
Other effects	(36)	(23)
Cash flow from financing activities	(1,033)	(1,831)
Change in cash and cash equivalents	(1,104)	(1,018)
Exchange rate effects and other changes in cash and cash equivalents	121	58
Cash and cash equivalents as of 1/1	4,669	4,643
Cash and cash equivalents as of 6/30	3,686	3,683
Less cash and cash equivalents included within assets held for sale	(331)	(8)
Cash and cash equivalents as of 6/30 (according to the consolidated balance sheet)	3,355	3,675

Changes in Net Liabilities Arising from Financing Activities

in € millions	H1 2022	H1 2021
Net liabilities arising from financing activities as of 1/1	(2,315)	(3,410)
Cash flow from operating activities	178	238
Cash flow from investing activities	(249)	575
Interest, dividends and changes in equity, additional payments (IAS 32.18(b))	(721)	(597)
Exchange rate effects and other changes in net liabilities arising from financing activities	(596)	10
Net liabilities arising from financing activities as of 6/30	(3,703)	(3,184)

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 ¹⁾	Retained earnings					Bertels- mann share- holders' equity	Non- con- trolling interests	Total
			Other retained earnings	Accumulated other comprehensive income ²⁾						
				Exchange differ- ences	Fair value reserve	Cash flow hedges	Share of other com- prehen- sive income of investments accounted for using the equity method			
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
Balance as of 1/1/2022	1,000	2,345	8,230	36	16	3	(19)	11,611	1,963	13,574
Group profit or loss	-	-	298	-	-	-	-	298	194	492
Other comprehensive income	-	-	414	291	1	27	50	783	26	809
Group total comprehensive income	-	-	712	291	1	27	50	1,081	220	1,301
Dividend distributions	-	-	(220)	-	-	-	-	(220)	(281)	(501)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	(45)	-	-	-	-	(45)	(63)	(108)
Equity transactions with shareholders	-	-	(265)	-	-	-	-	(265)	(344)	(609)
Other changes ³⁾	-	-	6	-	(7)	(12)	-	(13)	499	486
Balance as of 6/30/2022	1,000	2,345	8,683	327	10	18	31	12,414	2,338	14,752

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, 2022, €-8 million relates to assets classified as held for sale in accordance with IFRS 5.

As of June 30, 2021, no significant amounts related to assets classified as held for sale in accordance with IFRS 5.

3) Other changes of non-controlling interests mainly relate to the acquisition of the education company Afya.

Segment Information

in € millions	Penguin							
	RTL Group		Random House		BMG		Arvato	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Revenues from external customers	3,264	3,182	1,916	1,803	370	295	2,605	2,402
Intersegment revenues	12	10	–	1	1	1	34	34
Divisional revenues	3,276	3,192	1,916	1,804	371	296	2,639	2,436
Operating EBITDA	610	598	257	324	73	50	446	400
EBITDA margin ¹⁾	18.6%	18.7%	13.4%	18.0%	19.7%	16.9%	16.9%	16.4%
Impairment (-)/reversals (+) on intangible assets, property, plant and equipment and right-of-use assets	–	1	–	–	–	–	(14)	–
Results from investments accounted for using the equity method	1	15	–	2	–	–	4	4
Impairment (-)/reversals (+) on investments accounted for using the equity method	–	–	–	–	–	–	–	–

The prior-year comparatives for RTL Group, Bertelsmann Investments and Consolidation have been adjusted.

Further details are presented in the section "Notes on Segment Reporting."

1) Operating EBITDA as a percentage of revenues.

2) The business development of the venture capital business of Bertelsmann Investments is determined primarily on the basis of EBIT.

EBIT of Bertelsmann Investments amounted to €21 million (H1 2021: €270 million).

Reconciliation to Operating EBITDA

in € millions	H1 2022	H1 2021
EBIT (earnings before interest and taxes)	840	1,929
Less special items		
Impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations	3	–
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	–	–
Results from disposals of investments	134	794
Fair value measurement of investments	(149)	197
Restructuring and other special items	(90)	(59)
Less amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(495)	(424)
Less adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items	9	9
Operating EBITDA	1,429	1,417

Bertelsmann Printing Group		Bertelsmann Education Group		Bertelsmann Investments ²⁾		Total divisions		Corporate		Consolidation		Group total	
H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
630	552	231	136	266	317	9,282	8,687	8	4	–	–	9,290	8,691
66	72	–	–	6	5	119	123	16	17	(135)	(140)	–	–
696	624	231	136	272	322	9,401	8,810	24	21	(135)	(140)	9,290	8,691
15	26	74	44	16	36	1,491	1,478	(60)	(61)	(2)	–	1,429	1,417
2.2%	4.1%	32.0%	32.1%	5.9%	11.3%	15.9%	16.8%	n/a	n/a	n/a	n/a	15.4%	16.3%
–	(7)	–	–	–	–	(14)	(6)	–	–	–	–	(14)	(6)
(1)	–	(18)	8	6	5	(8)	34	–	–	1	–	(7)	34
–	–	–	–	–	–	–	–	–	–	–	–	–	–

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, 2021. The Condensed Interim

Consolidated Financial Statements have been 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, 2021. A detailed description of these policies is presented in the notes to the Consolidated Financial Statements in the 2021 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.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of Condensed Interim Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these Condensed Interim Consolidated Financial Statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at December 31, 2021. Further, in preparing these Condensed Interim Consolidated Financial Statements,

management made judgments to determine whether the sale of non-current assets or disposal groups is considered highly probable in order to meet the criteria for classification as held-for-sale. In particular, judgments relate to key assumptions about whether the outstanding shareholders' approvals or pending regulatory approvals are substantive and thus prevent the sale from being highly probable. Furthermore, the information on significant accounting judgments, estimates and assumptions in the notes to the Annual Report 2021 still applies. Management is of the opinion that the additional estimates and significant accounting judgments required by the geopolitical uncertainties take appropriate account of the currently foreseeable micro-economic and macroeconomic situation.

Scope of Consolidation

The Condensed Interim Consolidated Financial Statements as of June 30, 2022, include Bertelsmann SE & Co. KGaA and all material subsidiaries over which Bertelsmann SE & Co. KGaA is able to exercise control in accordance with IFRS 10. Joint ventures and associates are accounted for using the equity method in accordance with IAS 28. In addition, a special fund is included in the Condensed Interim Consolidated Financial Statements as a structured entity. As of June 30, 2022, the scope of consolidation including Bertelsmann SE & Co. KGaA consists of 939 (December 31, 2021: 859) companies with 114 additions and 34 disposals in the first half of 2022. This

includes 892 (December 31, 2021: 812) consolidated companies. In addition, investments in 16 (December 31, 2021: 14) joint ventures and 31 (December 31, 2021: 33) associates are accounted for using the equity method in the Consolidated Financial Statements. A total of 168 (December 31, 2021: 174) companies were excluded from the scope of consolidation. These consist of the associates in the portfolio of the Bertelsmann Investments division and entities without significant business operations and of negligible importance for the financial position and financial performance of the Bertelsmann Group.

Acquisitions and Disposals

In the first half of 2022, the cash flow from acquisition activities totaled €-93 million, of which €-84 million related to new acquisitions during the first half of the year less cash and cash equivalents acquired, and €-9 million to payments in connection with acquisitions made in previous years. The consideration transferred in accordance with IFRS 3 amounted to €421 million, taking into account contingent consideration of €19 million. In addition, put options in the amount of €95 million and a forward in the amount of €1 million were accounted for in relation to the acquisitions made in the RTL Group and Penguin Random House divisions.

In January 2022, Majorel acquired 80 percent of the shares in Mayen Telekomünikasyon Hizmetleri A.Ş., a company based in Turkey. The consideration transferred amounted to €61 million. An advance payment of €58 million on the acquisition had already been made as of December 31, 2021. The preliminary

purchase price allocation resulted in a goodwill of €42 million; this mainly reflects synergy effects arising from the expansion of the geographic footprint of Majorel's existing nearshore capacities for the European market and for global Internet customers. Goodwill is not tax deductible and was allocated to the Majorel cash-generating unit in the Arvato division. Transaction-related costs were immaterial in the first half of 2022 and have been recognized in profit or loss as other operating expenses. Since initial consolidation from January 1, 2022, Mayen has contributed €14 million to revenue and €4 million to Group profit or loss.

In February 2022, Majorel acquired 12 of Booking.com's 14 internal customer experience (CX) service centers in Europe, Asia Pacific and North America. The expanded strategic partnership with Booking.com enables Majorel to expand its geographic footprint into new countries and also to further consolidate its existing presence in the other markets.

The consideration transferred amounted to €65 million, of which €51 million was paid in cash in June 2022 and the remaining payment will be made subsequently. The negative difference between the consideration transferred and the fair value attributable to the identifiable assets and liabilities, resulting from the preliminary purchase price allocation, amounting to €3 million, was recognized in profit or loss. Transaction-related costs amounted to €1 million in the first half of 2022 and have been recognized in profit or loss as other operating expenses. Since initial consolidation, the CX service centers have contributed €10 million to revenue and €3 million to Group profit or loss. If consolidated as of January 1, 2022, CX service centers would have contributed €90 million to revenue and €6 million to Group profit or loss.

In March 2022, Fremantle, which belongs to RTL Group, acquired 70 percent of the shares in Lux Vide, Italy's leading independent television production company. The acquisition of Lux Vide forms part of Fremantle's wider international growth strategy to invest in premium production companies, content creators and talent from around the world – developing and securing original formats and exclusive IP. The consideration transferred amounted to €43 million and was fully paid in cash. The preliminary purchase price allocation resulted in goodwill of €8 million, mainly reflecting the expertise of the management and synergy potential with Fremantle. Goodwill is not tax deductible and was allocated to the Fremantle cash-generating unit. Further, in connection with the acquisition, put options on the remaining 30 percent share capital were recognized for an amount of €32 million through equity for the present value of the redemption amount. In the first half of 2022, transaction-related costs amounted to €1 million and have been recognized in profit or loss as other operating expenses. Since initial consolidation, Lux Vide has contributed €40 million to Group revenue and €4 million to Group profit or loss. If consolidated as of January 1, 2022, Lux Vide would have contributed €51 million to Group revenue and €6 million to Group profit or loss.

In May 2022, Fremantle also acquired 51 percent of the shares in Element Pictures, the production company behind the Academy Award, Golden Globe and BAFTA-winning films "The Favourite" and "Room", the global drama "Normal People", and the mini-series "Conversations With Friends." The consideration transferred amounted to €55 million and comprises a purchase price payment already made in the amount of €45 million and a contingent consideration in the amount of €10 million. The preliminary purchase price allocation resulted in goodwill of €56 million, mainly reflecting synergies with Fremantle and international distribution growth opportunities. Goodwill is not tax deductible and was allocated to the Fremantle cash-generating unit. Further, in connection with the acquisition, put options on the remaining 49 percent share capital were recognized for an amount of €54 million

through equity for the present value of the redemption amount. In the first half of 2022, transaction-related costs amounted to €1 million and have been recognized in profit or loss as other operating expenses. Since initial consolidation, Element Pictures has contributed €47 million to Group revenue and €13 million to Group profit or loss. If consolidated as of January 1, 2022, Element Pictures would have contributed €49 million to Group revenue and €6 million to Group profit or loss.

In May 2022, Bertelsmann, acting through Bertelsmann Education Group, increased its interest in Nasdaq-listed education company Afya, the leading provider of medical education and training and digital solutions for medical practitioners in Brazil. Following the acquisition of six million Class B shares for an amount of €147 million from the former majority shareholder (the Esteves family), Bertelsmann now holds 58 percent of the voting rights in Afya. After obtaining control, Bertelsmann was able to purchase additional Class A shares (approximately 500,000) on the stock exchange and from employees of the company, thus further increasing its shareholding. As of the reporting date, the interest amounts to 33 percent of the shares under company law and 58 percent of the voting rights. As a result of obtaining control, the investment, which was previously accounted for using the equity method, has been consolidated from the date of acquisition. The consideration transferred amounted to €147 million. Obtaining control led to the derecognition of the investment previously accounted for using the equity method, the fair value of which amounted to €501 million immediately before the acquisition date. The total effect from the remeasurement of the investment already held and the reclassification of all currency translation differences previously recognized in the Group's other comprehensive income is immaterial. The preliminary purchase price allocation resulted in goodwill of €426 million, mainly reflecting the future growth potential from the further expansion of the company's market position in Brazil. Goodwill is not tax-deductible and represents a separate cash-generating unit within the Bertelsmann Education Group division. Transaction-related costs amounted to €1 million in the first half of 2022 and have been recognized in profit or loss as other operating expenses. Since initial consolidation, Afya has contributed €72 million to revenue and €7 million to Group profit or loss. If consolidated as of January 1, 2022, Afya would have contributed €210 million to revenue and €26 million to Group profit or loss.

In addition, the Bertelsmann Group made several acquisitions in the first half of 2022, none of which was material on a stand-alone basis. In total, the impact of these acquisitions on the Group's financial position and financial performance was also minor. Payments net of acquired cash and cash equivalents amounted to €-31 million.

The consideration transferred in accordance with IFRS 3 for these acquisitions amounted to €50 million, taking into account contingent consideration of €9 million. The other acquisitions resulted in goodwill totaling €44 million, which reflects synergy potential and is not tax-deductible. Transaction-related costs were immaterial in the first half of 2022 and have been recognized in profit or loss as other operating expenses.

The preliminary purchase price allocations consider all the facts and circumstances prevailing as of the respective dates of acquisition that were known prior to preparation of these Condensed Interim Consolidated Financial Statements.

In particular, the valuations have not yet been finalized. Therefore, the fair values of identifiable assets – especially intangible assets – and liabilities acquired have only been determined provisionally. The accounting for the acquisitions will be finalized within the 12-month measurement period in accordance with IFRS 3, based on facts and circumstances that existed at the date of gain of control, and the purchase price allocation will be adjusted accordingly.

The following table shows the fair values of the assets and liabilities of the acquisitions on their dates of initial consolidation based on the purchase price allocations, which are currently still preliminary:

Effects of Acquisitions

in € millions	Mayen	CX service centers	Lux Vide	Element Pictures	Afya	Other	Total
Non-current assets							
Other intangible assets	13	4	9	–	943	13	982
Property, plant and equipment and right-of-use assets	3	14	20	2	217	–	256
Trade and other receivables	–	–	–	–	35	–	35
Other non-current assets	–	1	–	–	18	1	20
Current assets							
Inventories	–	–	41	71	3	34	149
Trade and other receivables	5	28	40	4	79	6	162
Other current assets	–	6	24	1	14	–	45
Cash and cash equivalents	11	80	3	24	118	11	247
Liabilities							
Provisions for pensions and similar obligations	(1)	–	–	–	–	(1)	(2)
Financial debt	–	–	(32)	(5)	(262)	(3)	(302)
Lease liabilities	(2)	(13)	(5)	(1)	(142)	–	(163)
Other financial and non-financial liabilities	(6)	(52)	(50)	(99)	(326)	(47)	(580)
Net assets acquired	23	68	50	(3)	697	14	849
Goodwill (+)/gains from business combinations (-)	42	(3)	8	56	426	44	573
Non-controlling interests	(4)	–	(15)	2	(475)	(4)	(496)
Fair value of pre-existing interests	–	–	–	–	(501)	(4)	(505)
Consideration transferred according to IFRS 3	61	65	43	55	147	50	421
Less advance payments of the previous year	(58)	–	–	–	–	–	(58)
Less deferred payments	–	(14)	–	–	–	–	(14)
Less contingent consideration	–	–	–	(10)	–	(9)	(19)
Consideration paid in cash	3	51	43	45	147	41	330
Cash and cash equivalents acquired	(11)	(80)	(3)	(24)	(118)	(11)	(247)
Repaid financial debt	–	–	–	–	–	1	1
Cash outflow from acquisitions in accordance with IFRS 3	(8)	(29)	40	21	29	31	84
Payments on prior year's acquisitions							9
Total cash flow from acquisition activities							93

Since initial consolidation, all new acquisitions in accordance with IFRS 3 in the first half of 2022 have contributed €185 million to revenue and €29 million to Group profit or

loss. If consolidated as of January 1, 2022, these would have contributed €420 million to revenue and €46 million to Group profit or loss.

In March 2022, RTL Group sold its interests held in RTL Belgium for €154 million net of cash disposed of. Net of transaction-related costs, the transaction resulted in an overall gain of €54 million recognized in the item "Results from disposals of investments."

In June 2022, RTL Group sold its interests held in RTL Croatia for €40 million net of cash disposed of. Net of transaction-related costs, the transaction resulted in a preliminary overall gain of €13 million recognized in the item "Results from disposals of investments." In addition, RTL Group has

agreed to a long-term trademark licensing agreement with the buyer.

After considering the cash and cash equivalents disposed of, the Bertelsmann Group recorded cash flows in the amount of €196 million from all disposals in the first half of 2022. The disposals led to a gain from deconsolidation of €52 million, which is recognized in the item "Results from disposals of investments." The following table shows their impact on the Bertelsmann Group's assets and liabilities at the time of deconsolidation:

Effects of Disposals

in € millions	RTL Belgium	RTL Croatia	Other	Total
Non-current assets				
Goodwill	75	–	1	76
Other intangible assets	3	4	1	8
Property, plant and equipment and right-of-use assets	39	9	1	49
Other non-current assets	5	1	–	6
Current assets				
Inventories	28	16	–	44
Other current assets	54	16	6	76
Cash and cash equivalents	51	1	3	55
Liabilities				
Provisions for pensions and similar obligations	15	–	–	15
Lease liabilities	26	5	–	31
Other financial and non-financial liabilities	67	18	9	94

Assets Held for Sale and Liabilities Related to Assets Held for Sale

The carrying amounts of the assets classified as held for sale and related liabilities are presented in the following table:

Assets Held for Sale and Related Liabilities

in € millions	6/30/2022	12/31/2021
Assets		
Non-current assets		
Goodwill	114	77
Other intangible assets	25	7
Property, plant and equipment and right-of-use assets	280	46
Investments accounted for using the equity method	4	–
Trade and other receivables	1	–
Deferred tax assets	37	4
Current assets		
Inventories	–	27
Trade and other receivables	485	64
Other current assets	76	7
Current income tax receivables	15	–
Cash and cash equivalents	331	24
Impairment on assets held for sale	–	(2)
Assets held for sale	1,368	254
Equity and liabilities		
Non-current liabilities		
Provisions for pensions and similar obligations	33	15
Other provisions	12	–
Financial debt	121	–
Deferred tax liabilities	3	–
Lease liabilities	79	23
Trade and other payables	7	–
Current liabilities		
Other provisions	42	–
Financial debt	2	–
Lease liabilities	63	5
Trade and other payables	195	51
Other current liabilities	263	21
Liabilities related to assets held for sale	820	115

As of June 30, 2022, the carrying amounts of the assets classified as held for sale and related liabilities are completely attributable to Majorel, which is allocated to the Arvato division. In June 2022, Majorel, Sitel Group and their respective major shareholders, including Bertelsmann, announced their

agreement on non-binding key terms for the planned merger of their two companies to form one of the global leaders in the customer experience industry. The planned merger is subject to the approval of antitrust authorities. Closing is expected in the first quarter of 2023.

For disposal groups, which were measured at fair value less costs to sell, no impairment losses were recognized, which were attributable to planned or completed disposals. The fair

values are based on level 3 of the hierarchy of non-recurring fair values. Valuations for level 3 are based on information from contract negotiations.

Disclosures on Transactions Not Yet Effective

In November 2020, Penguin Random House announced the acquisition of book publisher Simon & Schuster from media company Paramount Global (formerly ViacomCBS). The transaction is subject to approval by the antitrust authority. Penguin Random House has contractually agreed to pay Paramount Global a “regulatory termination fee” of US\$200 million in the event that the acquisition is prohibited in its entirety or if the termination date is reached. Currently, no cash outflow is expected for the regulatory termination fee. The US Department of Justice filed suit in federal court in Washington, D.C. on November 2, 2021, seeking to enjoin the transaction and raising concerns that the acquisition of authors’ rights would create a monopsony among buyers. Bertelsmann has retained experienced litigation counsel and rejects the Department of Justice’s grounds for prohibition as without merit. Oral arguments took place in August in the US District Court for the District of Columbia. The judge’s ruling is expected this fall. As of the end of the preparation period for the Condensed Interim Consolidated Financial Statements, no events have occurred that would have resulted in a change of this assessment.

In May 2021, Groupe TF1, Groupe M6, Groupe Bouygues and RTL Group announced that they have signed agreements to enter into exclusive negotiations to merge the activities of Groupe TF1 and Groupe M6 and create a major French media group. The new group would be well positioned to master the challenges arising from the accelerating competition with global platforms, being active on the French market, and to produce quality audiovisual content. The merger project has been unanimously approved by the Boards of Groupe Bouygues, RTL Group, Groupe TF1 and Groupe M6. The completion of the transaction remains

subject to the approval of the extraordinary general meetings of the shareholders of Groupe M6 and Groupe TF1 and is also subject to approval from the French competition authority ADLC (Autorité de la Concurrence) and French media regulator ARCOM (Autorité de Régulation de la Communication Audiovisuelle et Numérique). Despite the firm commitment from the shareholders of Groupe M6 and Groupe TF1, the criteria to be classified as assets held for sale or discontinued operations are not fulfilled at the end of the reporting period. This is because Groupe M6 is not available for immediate sale in its present condition, and the expectation of sale could not be assumed as highly probable at the end of June 2022. In consequence, the proposed transaction had no impact on the presentation of Groupe M6 within the Condensed Interim Consolidated Financial Statements as of June 30, 2022. Further explanations on this transaction are presented in the section “Events after the reporting period.”

In June 2021, RTL Group and Talpa Network announced that they have signed agreements to merge their broadcasting and affiliated media businesses in the Netherlands to create a Dutch cross-media group. According to the agreements, Talpa Network will contribute its TV, radio, print, digital, e-commerce and other assets to RTL Nederland and will receive a 30 percent stake in the enlarged RTL Nederland in return. RTL Group will hold the remaining 70 percent in the combined group and will continue to fully consolidate RTL Nederland. In September 2021, the works councils of RTL Nederland and Talpa Network issued their favorable opinions on the proposed merger. The completion of the transaction remains subject to approval from the Dutch competition authority ACM (Autoriteit Consument & Markt). A decision is expected in the fall of 2022.

Currency Translation

The following euro exchange rates were used for currency translation purposes for the most significant foreign currencies for the Bertelsmann Group:

Foreign currency unit per €1		Average rates		Closing rates		
		H1 2022	H1 2021	6/30/2022	12/31/2021	6/30/2021
Australian dollar	AUD	1.5200	1.5626	1.5099	1.5615	1.5853
Canadian dollar	CAD	1.3903	1.5031	1.3425	1.4393	1.4722
Chinese renminbi	CNY	7.0870	7.7972	6.9624	7.1947	7.6742
British pound	GBP	0.8421	0.8679	0.8582	0.8403	0.8581
US dollar	USD	1.0934	1.2053	1.0387	1.1326	1.1884

Additional Disclosures on Revenues

In the first half of 2022, Group revenues of €9,121 million were generated from contracts with customers in accordance with IFRS 15 (H1 2021: €8,533 million). The other revenues amounting to €169 million (H1 2021: €158 million) not in the scope of IFRS 15 resulted almost entirely from financial services in the Arvato division. The following table shows the revenues from contracts with customers in accordance with IFRS 15 by division and broken down by revenue source, geographical area and timing of revenue recognition. The categorization of revenue sources and geographical areas shown corresponds to that used in segment reporting. By contrast, the revenues reported reflect exclusively the revenues in accordance with IFRS 15, and thus differ in amount from the breakdown of revenues in segment reporting.

As of January 1, 2022, Gruner + Jahr is no longer reported as an independent division. The German magazine businesses and brands have been part of the RTL Group division since the beginning of the year. The remaining G+J activities (particularly Territory, the AppLike Group, DDV Mediengruppe and the investment in the Spiegel Group) were allocated to the Bertelsmann Investments division. For this reason, revenues in accordance with IFRS 15 are also presented for the Bertelsmann Investments division for the first time. The prior-year comparatives have been adjusted accordingly. Further details are presented in the section "Notes on segment reporting."

Revenue from Contracts with Customers

H1 2022								
in € millions	RTL Group	Penguin Random House	BMG	Arvato	Bertelsmann Printing Group	Bertelsmann Education Group	Bertelsmann Investments	Total divisions ¹⁾
Revenue Sources								
Own products and merchandise	112	1,807	28	36	11	–	47	2,041
Services	155	76	1	2,400	610	231	195	3,668
Advertising	1,732	–	–	–	9	–	23	1,764
Rights and licenses	1,265	33	341	–	–	–	1	1,640
	3,264	1,916	370	2,436	630	231	266	9,113
Geographical Areas								
Germany	1,141	129	30	795	390	2	171	2,658
France	672	7	27	225	35	–	4	970
United Kingdom	118	184	33	218	41	–	2	596
Other European countries	780	165	48	761	73	–	29	1,856
United States	468	1,135	203	210	85	153	16	2,270
Other countries	85	296	29	227	6	76	44	763
	3,264	1,916	370	2,436	630	231	266	9,113
Timing								
Point in time	1,086	1,839	97	37	20	1	59	3,139
Over time	2,178	77	273	2,399	610	230	207	5,974
	3,264	1,916	370	2,436	630	231	266	9,113

H1 2021								
in € millions	RTL Group	Penguin Random House	BMG	Arvato	Bertelsmann Printing Group	Bertelsmann Education Group	Bertelsmann Investments	Total divisions ¹⁾
Revenue Sources								
Own products and merchandise	127	1,725	24	30	11	–	110	2,027
Services	166	52	–	2,214	531	136	146	3,245
Advertising	1,703	–	–	–	10	–	59	1,772
Rights and licenses	1,186	26	271	–	–	–	2	1,485
	3,182	1,803	295	2,244	552	136	317	8,529
Geographical Areas								
Germany	1,096	114	19	809	347	1	145	2,531
France	639	3	11	217	24	–	98	992
United Kingdom	116	183	45	177	45	–	6	572
Other European countries	730	154	34	670	64	–	28	1,680
United States	515	1,076	160	179	67	131	11	2,139
Other countries	86	273	26	192	5	4	29	615
	3,182	1,803	295	2,244	552	136	317	8,529
Timing								
Point in time	1,088	1,750	65	31	20	–	160	3,114
Over time	2,094	53	230	2,213	532	136	157	5,415
	3,182	1,803	295	2,244	552	136	317	8,529

1) Excluding Corporate activities.

Additional Disclosures on Financial Instruments

Both of the following tables show the carrying amounts and measurement categories of financial assets and financial liabilities in accordance with IFRS 9:

Carrying Amounts and Measurement Categories of Financial Assets

in € millions	Balance sheet position	6/30/2022	12/31/2021
Financial assets measured at amortized cost			
– loans	Minority stakes and other financial assets	61	91
– trade receivables	Trade and other receivables	3,081	3,612
– receivables from participations	Trade and other receivables	28	30
– sundry financial receivables	Trade and other receivables	962	861
– bank balances and cash on hand	Cash and cash equivalents	1,578	1,446
– cash equivalents	Cash and cash equivalents	314	135
Financial assets measured at fair value through other comprehensive income			
– other financial assets	Minority stakes and other financial assets	36	78
Primary financial assets measured at fair value through profit or loss			
– loans	Minority stakes and other financial assets	53	25
– fund-of-fund investments	Minority stakes and other financial assets	207	183
– Minority stakes of the Bertelsmann Investments division	Minority stakes and other financial assets	1,166	1,034
– sundry financial receivables	Trade and other receivables	12	7
– financial instruments of the consolidated special fund	Minority stakes and other financial assets	130	102
– other financial assets	Minority stakes and other financial assets	276	420
– cash equivalents	Cash and cash equivalents	1,463	3,064
Derivative financial instruments	Minority stakes and other financial assets	80	37
Continuing involvement	Trade and other receivables	143	126
		9,590	11,251

Carrying Amounts and Measurement Categories of Financial Liabilities

in € millions	Balance sheet position	6/30/2022	12/31/2021
Financial liabilities measured at amortized cost			
– profit participation capital	Profit participation capital	413	413
– bonds and promissory notes	Financial debt	5,213	5,372
– liabilities to banks	Financial debt	206	174
– other financial debt	Financial debt	212	58
– trade payables	Trade and other payables	3,715	4,062
– liabilities to participations	Trade and other payables	13	29
– other	Trade and other payables	1,411	1,398
Primary financial liabilities measured at fair value through profit or loss	Trade and other payables	36	19
Derivative financial instruments	Trade and other payables	324	153
Continuing involvement	Trade and other payables	143	126
		11,686	11,804

The principles and methods used for the fair value measurement remain unchanged compared to those used in the previous year. Only disclosures on financial instruments that are significant to an understanding of the changes in financial position and financial performance since the end of the last financial year are explained below. These explanations relate in particular to the disclosure of financial instruments measured at fair value depending on the different levels of the fair value hierarchy. No fair values are disclosed for financial instruments not measured at fair value whose carrying amount is a reasonable approximation.

The following hierarchy is used to determine the fair value of financial instruments.

Level 1:

The fair value of the listed financial instruments is determined on the basis of stock exchange listings at the end of the reporting period.

Level 2:

For measuring the fair value of unlisted derivatives, Bertelsmann uses various financial methods reflecting the prevailing market conditions and risks at the respective balance sheet dates. Irrespective of the type of financial instrument, future cash flows are discounted at the end of the reporting period based on the respective market interest rates and yield curves at the end of the reporting period. The fair value of forward exchange transactions is calculated using the average spot prices at the end of the reporting period and taking into account forward markdowns and markups for the remaining term of the transactions. The fair value of interest rate derivatives is calculated on the basis of the respective market rates and yield curves at the end of the reporting period. The fair value of forward commodity transactions is derived from the stock exchange listings published at the end of the reporting period.

Any mismatches to the standardized stock exchange contracts are reflected through interpolation or additions. The fair values of money market funds correspond to the price quotations for the respective funds.

Level 3:

If no observable market data is available, fair value measurement is based primarily on cash flow-based valuation techniques. As a rule, so-called qualified financing rounds are used for minority stakes in the Bertelsmann Investments division. Listed financial instruments with contractual lockups are also based on level 3.

The measurement of financial assets and financial liabilities according to level 2 and level 3 requires management to make certain assumptions about the model inputs, including cash flows, discount rate and credit risk, as well as the life and development cycle of start-up investments. Transfers between levels of the fair value hierarchy are recognized at the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1 and 2 during the first half of 2022.

The measurement category “fair value through profit or loss” mainly includes the minority stakes in start-ups and fund investments purchased by the Bertelsmann Investments division. The fair value of its listed investments is measured on the basis of their market values and the fair value of its unlisted investments, if possible, on the basis of observable prices obtained as part of the most recently implemented qualified financing rounds which meet the minimum requirements for volume and participants, taking into account life and development cycles of the entity. The item also includes so-called fund-of-fund investments, which are also measured at fair value through profit or loss. The measurement of their fair values is based on the valuations of the external management

as presented in regular reporting and taking into account a fungibility discount. The gains and losses resulting from changes in the fair value are recognized as other operating income in the item "Fair value measurement of investments." As of June 30, 2022, the valuation of fund-of-fund investments would have been €61 million (H1 2021: €45 million) higher excluding fungibility discounts. Excluding fungibility discounts due to contractual lockups would have increased the valuation of listed instruments by less than €1 million (H1 2021: €47 million) as of June 30, 2022. Investments in diversified money market funds with first-class ratings that are reported as cash equivalents and are subject to only insignificant fluctuations in value are also reported at fair value through profit or loss.

The market value of the profit participation certificates 2001 with a closing rate of 291.10 percent on the last day of trading in the first half of 2022 on the Frankfurt Stock Exchange was €828 million (December 31, 2021: €1,021 million with a rate of 359.20 percent) and, correspondingly, €32 million for the 1992 profit participation certificates with a rate of 187.10 percent (December 31, 2021: €33 million with a rate of 195.12 percent). The market values are based on level 1 of the fair value hierarchy.

In January 2022, Bertelsmann made early repayments of parts of bonds maturing in August 2022, October 2024, September 2025 and April 2026 in a total nominal amount of €146 million as part of a public repurchase offer.

On June 30, 2022, the cumulative market value of the listed bonds totaled €4,460 million (December 31, 2021: €5,073 million) with a nominal volume of €4,676 million (December 31, 2021: €4,822 million) and a carrying amount of €4,655 million (December 31, 2021: €4,798 million). The stock market prices are based on level 1 of the fair value hierarchy. On June 30, 2022, the total carrying amount of the private placements and promissory notes totaled €574 million (December 31, 2021: €574 million), and the total market value amounted to €541 million (December 31, 2021: €630 million). The market values of private placements and promissory notes are determined using actuarial methods based on yield curves adjusted for the Group's credit margin. This credit margin results from the market price for credit default swaps at the end of the respective reporting periods. Fair value is measured on the basis of discount rates ranging from -0.34 percent to 3.05 percent. The fair values of the private placements and promissory notes are based on level 2 of the fair value hierarchy.

Financial Assets Measured at Fair Value Categorized Using the Fair Value Measurement Hierarchy

in € millions	Level 1: Quoted prices in active markets	Level 2: Observable market data	Level 3: Unobservable market data	Balance as of 6/30/2022
Financial assets measured at fair value	300	1,594	1,450	3,344
Primary and derivative financial assets held for trading	–	60	–	60
Derivatives with hedge relation	–	20	–	20
	300	1,674	1,450	3,424

Financial Assets Measured at Fair Value Based on Level 3

in € millions	Financial assets measured at fair value	Primary and derivative financial assets held for trading	Total
Balance as of 1/1/2022	1,362	–	1,362
Total gain (+) or loss (-)	57	–	57
– in profit or loss	45	–	45
– in other comprehensive income	12	–	12
Purchases	104	–	104
Sales/settlements	(171)	–	(171)
Transfers into level 3 (including first-time classification as level 3)	163	–	163
Transfers out of level 3	(65)	–	(65)
Balance as of 6/30/2022	1,450	–	1,450
Gain (+) or loss (-) for assets still held at the end of the reporting period	19	–	19

The purchases mainly consist of various new and follow-up investments by the Bertelsmann Investments division, in particular new investments of the Bertelsmann India Investments fund, none of which were material on a stand-alone basis. A significant portion of the sales in the first half of 2022 relates to RTL Group's investment in VideoAmp, a US software and data company for media measurement. Further sales relate to the investment in Synergis and, within the Bertelsmann Investments division, mainly to the

Bertelsmann Digital Media Investments fund. The transfers into level 3 mainly relate to the investment in the online education platform Udacity, which was previously accounted for as an associate and belongs to the Bertelsmann Education Group, as a result of the change in the governance structure and the resulting loss of significant influence. Transfers out of level 3 were made in the first half of 2022 at Bertelsmann Investments as a result of expiring lock-up periods for listed instruments.

Financial Liabilities Measured at Fair Value Categorized Using the Fair Value Measurement Hierarchy

in € millions	Level 1: Quoted prices in active markets	Level 2: Observable market data	Level 3: Unobservable market data	Balance as of 6/30/2022
Financial liabilities measured at fair value through profit or loss	–	–	36	36
Primary and derivative financial liabilities held for trading	–	207	–	207
Derivatives with hedge relation	–	117	–	117
	–	324	36	360

The increase in negative fair values from financial derivatives is mainly attributable to currency derivatives that were concluded to hedge against exchange rate risks from

intercompany financing. In particular, the appreciation of the US dollar against the euro led to higher negative fair values of the derivative hedging transactions.

Financial Liabilities Measured at Fair Value Based on Level 3

in € millions	Financial liabilities measured at fair value through profit or loss	Total
Balance as of 1/1/2022	19	19
Total gain (-) or loss (+)	–	–
– in profit or loss	1	1
– in other comprehensive income	(1)	(1)
Purchases	31	31
Settlements	(6)	(6)
Transfers out of level 3	(8)	(8)
Balance as of 6/30/2022	36	36
Gain (-) or loss (+) for liabilities still held at the end of the reporting period	1	1

The effective portion of changes in the fair value of cash flow hedges is recognized in accumulated other comprehensive income until the effects of the hedged underlying transaction affect profit or loss, or until a basis adjustment occurs. The amount of €19 million relating to cash flow hedges

(H1 2021: €33 million) was reclassified from accumulated other comprehensive income to the income statement. These are amounts before taxes. The effects from fair value hedges to hedge interest rate risks led to a decrease of the carrying amount of the reported financial debt in the amount of €16 million.

Income Taxes

The tax expense for the first half of 2022 was calculated in accordance with IAS 34 using the average annual tax rate expected for the whole of 2022, in relation to taxable earnings before taxes, which is calculated at 30.2 percent (H1 2021: 30.7 percent), according to Bertelsmann management's

current estimation. In addition, special effects were included in earnings before taxes and in current and deferred taxes, resulting in a different tax rate in the income statement. Tax expense is down compared to the previous year due to lower special items in the first half of 2022.

Other Information

The Bertelsmann Group's core business is subject to significant seasonal fluctuations, and in the current financial year may also be impacted by additional macroeconomic challenges and related uncertainties as a result of external events, such as geopolitical tensions and pandemic-related effects. The balance sheet effects are therefore being continuously analyzed for the particularly relevant issues, which are impairment of goodwill and individual assets, leasing, royalties, program rights, inventories, trade receivables, government grants, deferred tax assets, losses from onerous contracts as well as revenues. As a result of the current business development, there was no requirement to recognize an impairment loss on goodwill, even in light of the geopolitical and economic uncertainty. This also refers to the accounting areas deemed vulnerable, for which no material negative effects anticipated on the financial position or financial performance of the Bertelsmann Group are currently anticipated. The assessment is based on discretionary judgments, estimates and assumptions that contain additional uncertainties in the current situation characterized by geopolitical and macroeconomic challenges. Management is of the opinion that these uncertainties have been taken into account to an adequate degree. In a financial year unaffected by additional events, higher revenues and a higher operating result tend to be expected in the second half of the year compared to the first. These higher revenues are due to increasing demand during the year-end holiday season, in particular in advertising-driven businesses and the publishing business, as well as to the customary seasonality in the music business. The seasonality of advertising-driven businesses is expected to deviate in 2022 from historical comparisons given

current geopolitical tensions as well as the overall economic uncertainty affecting the expected business performance in the second half of the year.

Due to the current political and economic situation in Russia, impairment losses were recognized on assets located in Russia in the Arvato division that are of minor significance for the Bertelsmann Group.

As of June 30, 2022, total assets amounted to €32.6 billion (December 31, 2021: €31.7 billion). Pension provisions decreased to €0.8 billion (December 31, 2021: €1.5 billion). The main reason for the decrease is the significant rise in the discount rate.

Due to a triggering event, impairment tests were conducted for selected cash-generating units as of June 30, 2022. On account of the current geopolitical tensions and the economic uncertainty on the global markets, the assumptions for impairment testing overall continue to be subject to increased uncertainty and extended discretionary judgment in the context of cash flow forecasts.

Cash flow from financing activities includes changes in equity, financial debt, lease liabilities and dividend distributions affecting cash, as well as interest received (mainly interest payments from derivatives) and interest paid (including interest paid due to leases). The item "Change in equity" amounts to €-86 million, which relates mainly to transactions with non-controlling interests without a change of control.

Notes on Segment Reporting

As of January 1, 2022, Gruner + Jahr is no longer reported as an independent division. The German magazine businesses and brands have been part of the RTL Group division since the beginning of the year and are part of the RTL Germany cash-generating unit due to the full integration into this cash-generating unit. The other G+J activities (particularly Territory, the AppLike Group, DDV Mediengruppe and the investment in the Spiegel Group) were allocated to the Bertelsmann Investments division and are monitored as cash-generating units, each of which carries its own goodwill. Accordingly,

segment reporting reflects seven operating reportable segments (RTL Group, Penguin Random House, BMG, Arvato, Bertelsmann Printing Group, Bertelsmann Education Group and Bertelsmann Investments) since January 1, 2022. The prior-year comparatives for RTL Group, Bertelsmann Investments and Consolidation have been adjusted in the table on segment information. For segment reporting, intercompany leases are generally presented as operating leases with income and expenses recognized using the straight-line method in accordance with IFRS 8, in line with internal management.

Reconciliation of Segment Information to Group Profit or Loss

in € millions	H1 2022	H1 2021
Operating EBITDA	1,429	1,417
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(495)	(424)
Adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items	9	9
Special items	(103)	927
EBIT	840	1,929
Financial result	(161)	(155)
Earnings before taxes	679	1,774
Income tax expense	(187)	(406)
Group profit or loss	492	1,368

Events after the Reporting Period

In the framework of the review of the proposed merger between Groupe TF1 and Groupe M6, the case team of the French Competition Authority (Autorité de la Concurrence) issued its report in July 2022. In this report, which does not prejudice the decision by the Board (Collège) of the authority, the case team considers that the proposed transaction raises significant competition concerns (in particular on the

advertising market). The nature and scope of the remedies required in the report of the case team would render the parties' proposal irrelevant, in which case the parties would withdraw it. The parties – who intend to maintain their proposal as presented – responded to the Competition Authority in August. The hearings before the Board of the French Competition Authority are scheduled for the beginning of September 2022.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Condensed Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Interim

Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected performance of the Group for the remaining months of the financial year.

Gütersloh, August 29, 2022

Bertelsmann SE & Co. KGaA

represented by:

Bertelsmann Management SE, the general partner

Executive Board

Thomas Rabe

Markus Dohle

Rolf Hellermann

Immanuel Hermreck

Review Report

To Bertelsmann SE & Co. KGaA, Gütersloh

We have reviewed the Condensed Interim Consolidated Financial Statements of Bertelsmann SE & Co. KGaA – comprising the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and Selected Explanatory Notes – together with the Group Interim Management Report of Bertelsmann SE & Co. KGaA, for the period from January 1 to June 30, 2022 that are part of the semi-annual financial report according to Section 115 WpHG [Wertpapierhandelsgesetz: German Securities Trading Act]. The preparation of the Condensed Interim Consolidated Financial Statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting as adopted by the EU, and of the Group Interim Management Report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the Condensed Interim Consolidated Financial Statements and on the Group Interim Management Report based on our review.

We performed our review of the Condensed Interim Consolidated Financial Statements and the Group Interim Management Report in accordance with the generally

accepted German 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 a certain level of assurance, that the Condensed Interim Consolidated Financial Statements have not been prepared, in material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and that the Group Interim Management Report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments 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 issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the Condensed Interim Consolidated Financial Statements have not been prepared, in material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, or that the Group Interim Management Report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Bielefeld, August 30, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

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**The Interim Report and current information
about Bertelsmann are also posted on:**

www.bertelsmann.com



The Interim Report is also available in German.

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