

Interim Report 2024



BERTELSMANN

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At a Glance

Key Figures

in € millions	H1 2024	H1 2023
Business Development		
Group revenues	8,975	9,705
Operating EBITDA adjusted	1,249	1,275
EBITDA margin (in percent) ¹	13.9	13.1
Group profit	416	260
Investments ²	812	771
Consolidated Balance Sheet	6/30/2024	12/31/2023
Equity	15,063	15,165
Equity ratio (in percent)	47.4	46.5
Total assets	31,810	32,622
Economic debt ³	6,072	4,713

The figures shown in the table are, in some cases, so-called Alternative Performance Measures (APM), which are neither defined nor described in IFRS. Details are presented in the section "Alternative Performance Measures" in the Combined Management Report 2023. In individual cases, rounding may result in individual figures not adding up to the totals shown and percentages may not add up exactly to the figures shown.

1 Operating EBITDA adjusted as a percentage of revenues.

2 Taking into account the financial debt assumed and purchase price payments for share increases in subsidiaries that were already consolidated, investments amounted to €1,013 million (H1 2023: €842 million).

3 Net financial debt plus pension provisions, profit participation capital and lease liabilities.

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Online Interim Report

The Bertelsmann Interim Report 2024 can also be accessed online at **ir2024.bertelsmann.com**

Highlights of the First Six Months



- Streaming services show continued strong growth: Together, RTL+ in Germany and Hungary and M6+ in France record 6.3 million paying subscribers, with streaming revenues up 42 percent
- RTL Deutschland is the only commercial broadcaster in Germany to achieve growth in the first half of the year, expanding its lead over commercial competitors
- Groupe M6 secures the broadcasting rights for the 2026 and 2030 FIFA World Cups

www.rtl.com



Penguin
Random
House

- Salman Rushdie's memoir "Knife," with its April publication globally coordinated by Penguin Random House, is an international bestseller
- Numerous Penguin Random House authors are honored with prestigious awards, including 2024 Pulitzer Prizes, in the first half of this year
- Publication of posthumous memoirs by Alexei Navalny and Lisa Marie Presley is expected for fall

www.penguinrandomhouse.com



- Arvato enters into further partnerships with leading robotics companies and implements corresponding solutions at logistics centers in the United States, the Netherlands and Germany
- Riverty deepens its existing partnership with Germany's largest public transport company Berliner Verkehrsbetriebe
- Arvato Systems extends its current IT service contract with Open Grid Europe – Germany's largest gas transmission system operator – ahead of schedule by five and a half years, and expands its content

www.arvato-group.com



- Investment program to boost productivity and automation at printing plants in the United States continues as planned
- Territory launches Smart Agency, an AI-based marketing platform for the micro and small-business target group
- DeutschlandCard introduces numerous new services and works on realigning its business model

www.bertelsmann-marketing-services.com

BMG

- BMG achieves double-digit organic revenue growth of 12.5 percent and EBITDA adjusted growth of 35.5 percent in the first half of the year, with record EBITDA margin
- BMG successfully reorganizes its operations, focusing the business on the core music functions to better meet the evolving needs of artists and songwriters
- Driven by the successful migration to direct digital distribution, BMG's digital revenues grow by 20.3 percent year-on-year

www.bmg.com

Bertelsmann Education Group

- Bertelsmann strengthens its global education business by increasing its stake in Afya with additional share purchases
- In the first half of the year, Relias receives numerous awards and is recognized in prestigious rankings
- Alliant expands its online program offerings and sees a significant increase in student enrollment numbers

www.bertelsmann-education-group.com

BI Bertelsmann Investments

- Growth unit Bertelsmann Next more than doubles its revenues, due in particular to strong organic growth
- Successful funding round for Mexico's leading digital bank Stori, which is valued at more than €1 billion
- 374 active venture investments worldwide at the half-year mark

www.bertelsmann-investments.com

Dear Readers,

We have every reason to be happy with our performance in the first six months of 2024: Bertelsmann achieved much stronger organic growth again, at 3.7 percent. Our operating result from continuing operations grew at a double-digit rate. The Boost program continues at full speed: the first half of the year alone saw investments of around one billion euros; we have invested close to five billion euros since the program began.

At €9.0 billion, Bertelsmann's Group revenues were down 7.5 percent from the previous year's record figure, due to portfolio developments, namely the sale of Majorel in November 2023. For the first time in Bertelsmann's history, the US businesses contributed with 28.4 percent the highest share to total revenues. Meanwhile, organic revenue growth was 3.7 percent, compared to 2.3 percent in the first half of the prior year. Almost all divisions contributed to this increase.



Thomas Rabe
Chairman and CEO of Bertelsmann

Operating EBITDA adjusted was €1,249 million, putting it on par with the previous year's €1,275 million, despite the sale of Majorel. Adjusted for the sale, it increased by 14 percent. Penguin Random House, BMG, Bertelsmann Marketing Services, Bertelsmann Education Group and Bertelsmann Investments grew their earnings at double-digit rates, thanks in part to the Group-wide Boost investments. Group profit increased by 60 percent to €416 million, compared to €260 million in the first six months of 2023. On the strategy front, we made further progress on our five growth priorities:

National Media Champions

The streaming services RTL+ in Germany and Hungary and M6+ (previously 6play) in France continued their dynamic growth. The paying subscriber base increased by 25 percent to 6.3 million; streaming revenues rose by 42 percent to €185 million (H1 2023: €130 million). In the first half of the year, RTL Deutschland was the only commercial broadcaster in Germany to increase its share of the advertisers' preferred target audience of 14- to 59-year-olds. In June and July, RTL Deutschland and Groupe M6 broadcast UEFA EURO 2024 matches, giving them high audience reach on linear television and streaming. In March, Groupe M6 announced its acquisition of the exclusive television rights for most of the matches of the 2026 and 2030 FIFA World Cups. Shortly after the end of the first half of 2024, on July 29, the companies in the Bertelsmann Content Alliance in Germany launched a joint initiative with the tagline "Mein Grund für Zuversicht" (roughly: "Why I'm confident [about the future]"). The aim is to promote social cohesion.

Global Content

In the first half of the year, Fremantle expanded its business with the full acquisition of Asacha Media Group, and an 80-percent stake in Beach House Pictures, one of Asia's largest independent TV and production companies. Fremantle won a total of 114 awards, including Academy Awards (Oscars), Golden Globes, BAFTAs and Golden Lions. In January, Penguin Random House completed its acquisition of Hay House, a leading US-based publisher of wellness and self-help titles, and further increased its stake in the fast-growing US publisher Sourcebooks. A number of Penguin Random House authors were honored in the first half of the year, including Jayne Anne Phillips and Cristina Rivera Garza with the 2024 Pulitzer Prize, and Dave Eggers with the 2024 Newbery Medal, the foremost annual award for children's literature in the United States.

BMG made ten catalog acquisitions, bringing its total investment since 2021 to around €900 million. The music division also signed well-known artists and songwriters, including Mustard, YG, New Kids on the Block and The Script in the recordings business, and Cirque du Soleil, KT Tunstall and Tyron Hapi in publishing.

Global Services

In the first six months of the year, Arvato Group's logistics business acquired new clients from various industries, and renewed existing customer contracts, some of them on a long-term basis. In the Dutch city of Echt, Arvato acquired a large site on which a new logistics property will be built in the months ahead to handle future major orders. Arvato also invested in automation and robotics technology, and implemented innovative robotic solutions at its sites in Louisville, Kentucky, United States, Venlo, Netherlands, and Dortmund and Hanover in Germany, for example. Riverty signed new partnerships with fellow financial services providers Adyen and Mollie, and will supplement their payment methods with its "Buy now, pay later" service from now on. At the beginning of the year, Riverty's "Buy now, pay later" solution won the E-Commerce Germany Award 2024 in the Best Payment Solution category. The IT services provider Arvato Systems has concluded new customer contracts since the beginning of the year and expanded existing partnerships – with a focus on the healthcare industry. As one example, the company won the AOK-Bundesverband tender for the further development of "aok.de." The market environment for Bertelsmann Marketing Services remained difficult in the first half of 2024, characterized by an overall decline in demand for print products, and a wait-and-see attitude on the part of advertising customers with regard to marketing services.

Education

Bertelsmann Education Group further increased its stake in the listed education company Afya, a leading medical education group in Brazil. The acquisition of Unidom Participações S.A., which was agreed in June and completed in early July, has enabled Afya to expand its presence in northeastern Brazil, increasing the number of medical students enrolled in its programs by around 900 to more than 22,600. Relias expanded its digital offerings for the further training of healthcare professionals. Alliant University saw a significant increase in enrollment in its mental health programs (Marriage and Family Therapy, Clinical Counseling, Masters in Social Work). Also, the School of Nursing and Health Sciences in Phoenix, Arizona, United States – the ninth Alliant campus – opened at the beginning of the year.

Investments

Bertelsmann Investments (BI) made 15 new and 15 follow-on investments in the first half of the year through its four venture capital funds and the Bertelsmann Next unit. Since its launch in 2006, BI has invested a total of around €1.9 billion in companies and funds. Capital returns in the same period have amounted to around €1.4 billion. Its active portfolio consists of 374 investments worldwide. In the pharma-tech sector, Extedo, a leading provider of software solutions and services in the field of regulatory information management, was acquired. The mobile-ad tech company AppLike more than doubled its revenues, in particular through the development and expansion of its US business. Bertelsmann Asia Investments further expanded its investments in Stori, Mexico's leading digital bank, with a valuation of more than one billion euros, and in the augmented reality service provider Viture.

We continue to expect a positive business performance overall for the full year 2024. We are raising our Group forecast for 2024, and anticipate a significant revenue and earnings increase in our ongoing operations.

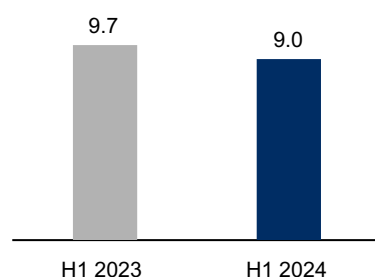


Thomas Rabe

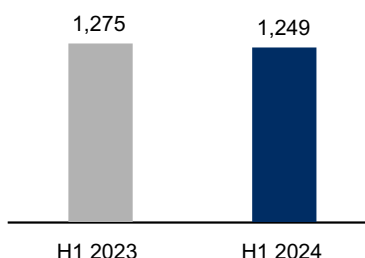
Group Interim Management Report

In the first half of 2024, Bertelsmann recorded positive business performance with improved organic growth and a strong operating result. Organic revenue growth of 3.7 percent partially offset negative portfolio effects. Group revenues fell by 7.5 percent to €9.0 billion (H1 2023: €9.7 billion) as a result of the sale of shares in the customer experience company Majorel. Revenue growth was recorded by RTL Group, Penguin Random House, BMG, Bertelsmann Education Group and Bertelsmann Investments. Operating EBITDA adjusted fell only slightly below the previous year's high figure to €1,249 million (H1 2023: €1,275 million) despite negative portfolio effects. Penguin Random House, BMG, Bertelsmann Marketing Services, Bertelsmann Education Group and Bertelsmann Investments achieved earnings growth with double-digit growth rates. The EBITDA margin increased to 13.9 percent (H1 2023: 13.1 percent). Group profit rose to €416 million (H1 2023: €260 million). Bertelsmann anticipates continued positive overall business performance for 2024 as a whole.

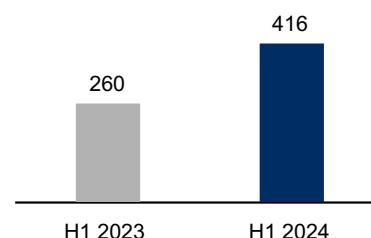
Revenues in € billions



Operating EBITDA Adjusted in € millions



Group Profit in € millions



- Revenue decline of 7.5 percent due to portfolio effects after the sale of Majorel shares
- Organic revenue growth of 3.7 percent

- Operating EBITDA adjusted of €1,249 million
- EBITDA margin increased to 13.9 percent (H1 2023: 13.1 percent)

- Group profit rose to €416 million
- Lower impact from reorganization expenses

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 Group (services), Bertelsmann Marketing Services (direct marketing and printing activities), Bertelsmann Education Group (education) and Bertelsmann Investments (venture capital activities and Bertelsmann Next growth area).

Bertelsmann SE & Co. KGaA is a capital market-oriented but unlisted partnership 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.

80.9 percent of the capital shares in Bertelsmann SE & Co. KGaA are held indirectly by foundations (Bertelsmann Stiftung, Reinhard Mohn Stiftung, BVG-Familienstiftung, BVG-Stiftung), and 19.1 percent are 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. The strategy pursues five strategic growth priorities: national media champions, global content, global services, education and investments. At the start of 2024, Bertelsmann expanded its Group strategy and has since been driving growth in four key directions. The first, "Boost," was initiated by Bertelsmann back in 2021 with the aim of accelerating the growth dynamic. Bertelsmann has continued to invest heavily in its businesses in line with its Boost strategy. The second, "Next," involves the planned establishment of two new lines of business with long-term revenue potential of around €1 billion. The third, "Breakout," aims to expand existing businesses and extend their value chains by merging with other companies. The fourth and final thrust, "Regional Boost," entails expanding business in particularly promising regions.

In the first half of 2024, Bertelsmann made significant progress with its strategy for national media champions. In France, Groupe M6 launched its new video-on-demand platform M6+ to replace the legacy streaming service 6play. M6+ was developed by the streaming-technology company Bedrock. As of June 30, 2024, the number of paying subscribers for the streaming services RTL+ in Germany and Hungary along with M6+ in France grew by 25 percent compared with the previous year to a total of 6.3 million. In June and July, RTL Deutschland and Groupe M6 broadcast selected matches of the 2024 UEFA European Football Championship on free-to-air TV. Furthermore, Groupe M6 secured the broadcasting rights for the FIFA World Cups in 2026 and 2030.

Bertelsmann continued to invest in the expansion of the global content businesses. RTL Group subsidiary Fremantle acquired the production companies Asacha Media Group and Beach House Pictures. Penguin Random House acquired the independent US book publisher Hay House, one of the country's leading self-help, health and wellness publishers, and increased its stake in Sourcebooks. BMG restructured its organization and increased its presence in the Eurodance genre by acquiring a package of rights from Dr. Alban.

Global services were also further expanded. In February, Arvato's logistics business started operations at a new distribution center in Louisville, United States, and began work on another in the Netherlands. The closure of the Prinovis site in Ahrensburg, Germany, at the end of January 2024 marked Bertelsmann Marketing Services' full exit from the gravure segment.

Bertelsmann further expanded its education business. The stake in Afya, a leading provider of medical training and education in Brazil, was increased again during the reporting period. Relias further expanded its digital platform for training healthcare personnel in the United States and in Germany. The Alliant International University welcomed its first students at its newly opened campus for nursing and health sciences in Phoenix, United States. In addition, the takeover of Udacity by Accenture involving the acquisition of Bertelsmann's shares in Udacity was announced in March 2024.

As of June 30, 2024, Bertelsmann Investments (BI) held 374 investments worldwide after 15 new and 15 follow-on investments in the reporting period. Bertelsmann India Investments (BII) started the funding round for the start-up Rozana, an e-commerce trade platform for rural areas in India. Bertelsmann Asia Investments (BAI) made a successful exit from smartphone provider Xiaomi. In addition, BI expanded the Bertelsmann Next growth area with a particular focus on the digital health, pharma-tech and HR-tech lines of business. In February, BI acquired the HR solutions provider Milch & Zucker and the pharma-tech company Extedo. BI also concluded the sale of the majority equity stake in DDV Mediengruppe during the reporting period.

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 and operating EBITDA adjusted, 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, which are partially derived from the above-mentioned indicators or are strongly influenced by them. These include the EBITDA margin (operating EBITDA adjusted as a percentage of revenues) and organic revenue growth. 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). They should not be considered in isolation but as complementary information for evaluating Bertelsmann's business situation. For detailed information on this, please refer to the section "Alternative Performance Measures" in the 2023 Combined Management Report.

Revenues as a growth indicator of the businesses fell in the first half of 2024 by 7.5 percent to €8,975 million (H1 2023: €9,705 million) as a result of the sale of shares in the customer experience company Majorel in November 2023. Organic revenue growth was 3.7 percent. The organic growth is calculated by adjusting the reported revenue growth for the impact of exchange rate effects, corporate acquisitions and disposals, as well as other effects. When determining the exchange rate effects, the functional currency that is valid in the respective country is used. The other effects include changes in methods and presentation, for example. Exchange rate effects are calculated by comparing the revenues of the current year with the exchange rates of the previous year. Portfolio effects are calculated to the exact month: in the case of acquisitions, the relevant months in the current year and in the following year are adjusted; in the case of sales, the non-comparable months in the previous year of the current year and in the previous year of the following year are excluded.

Operating EBITDA adjusted is determined as earnings before interest, tax, depreciation, amortization, and 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, reorganization expenses and results from disposals of investments. This means operating EBITDA adjusted is a meaningful performance indicator. Not included in the special items are disposal effects of real estate transactions. To preclude a double adjustment, amortization/depreciation, impairment and reversals already included in the special items are eliminated by means of a correction. Operating EBITDA adjusted fell only

slightly to €1,249 million (H1 2023: €1,275 million) in the reporting period despite negative portfolio effects due to the sale of shares in Majorel. The EBITDA margin increased to 13.9 percent (H1 2023: 13.1 percent).

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 global economy continued to grow at a moderate pace in the first half of 2024. In spite of the prevailing tangible effects of restrictive monetary policies, global economic activity has proven to be resilient. Inflation has continued to fall and private sector confidence has improved.

According to Eurostat, the statistical office of the European Union, real gross domestic product (GDP) in the eurozone grew 0.3 percent in the first quarter of 2024 compared to the previous quarter. According to initial estimates, growth of 0.3 percent is likewise expected for the second quarter of 2024.

After an initial weak start, the German economy grew slightly during the reporting period. This was primarily driven by the pick-up in exports and recovery of private consumption. The German Federal Statistical Office reported that real GDP rose by 0.2 percent in the first quarter of 2024 followed by a 0.1 percent decline in the second quarter of 2024, according to initial calculations.

The French economy was able to maintain its moderate growth rate. According to INSEE, the French National Institute of Statistics and Economic Studies, real GDP rose by 0.3 and 0.3 percent, respectively, in the first two quarters of 2024.

In the United Kingdom, economic growth picked up again at the start of 2024. Real GDP rose by 0.7 percent in the first quarter of 2024 and by 0.6 percent in the second quarter of 2024.

In the United States, real GDP rose in the first quarter of 2024 at an annualized rate of 1.4 percent. In the second quarter, real GDP also grew by an annualized rate of 2.8 percent according to initial calculations by the Bureau of Economics.

So far, economic developments are generally within the current-year trend anticipated in the 2023 Combined Management Report.

Developments in Relevant Markets

European television advertising markets saw mixed development in the first half of 2024. While the TV advertising market declined significantly in the Netherlands, growth was strong in Hungary, significant in France and moderate in Germany. Streaming markets saw strong growth in Germany and Hungary and moderate growth in the Netherlands.

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

The global music market recorded strong growth both in the publishing market segment and in the recordings market segment.

The service markets relevant to Arvato Group showed moderate growth in the first half of 2024 despite the negative effects of countercyclical factors.

The German offset market declined significantly, while the North American book printing market recorded a slight decline.

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 2023 Combined Management Report.

Significant Events in the Current Financial Year

The agreement governing the sale of RTL Nederland to DPG Media concluded by RTL Group at the end of 2023 remains subject to regulatory approvals. During the reporting period, the Dutch Competition Authority (ACM) announced that further reviews of the planned takeover are required. The transaction is expected to close around the end of 2024.

At the start of 2024, Penguin Random House acquired US book publisher Hay House, one of the country's leading publishers of self-help, health and wellness.

In February 2024, RTL Group subsidiary Fremantle acquired Asacha Media Group, a European production group headquartered in France. Asacha Media Group owns interests in eight production companies in France, Italy and the United Kingdom. The acquisition complements Fremantle's footprint in Europe and strengthens the position of the RTL Group subsidiary as home to top and new talent.

In March 2024, Penguin Random House raised its stake in Sourcebooks from 53 percent to 75 percent.

In the first half of 2024, Bertelsmann increased its stake in Afya, a leading provider of medical training and education in Brazil. As of June 30, 2024, Bertelsmann held 75 percent of the voting rights (December 31, 2023: 61 percent) and – after adjustment of treasury shares held by Afya – 63 percent of the equity (December 31, 2023: 50 percent).

Results of Operations

Revenue Development

Group revenues fell in the first half of 2024 by 7.5 percent to €8,975 million (H1 2023: €9,705 million) due to the absence of revenue contribution after the sale of shares in the customer experience company Majorel. Adjusted for exchange rate effects of -0.6 percent (H1 2023: -0.7 percent) and portfolio and other effects of -10.6 percent (H1 2023: 2.9 percent), organic revenue growth amounted to 3.7 percent (H1 2023: 2.3 percent).

In the first half of 2024, RTL Group recorded slight revenue growth, which can largely be attributed to the recovery of the TV advertising markets in Germany and France as well as the continued dynamic growth of the streaming business. Despite the bestseller “Spare” by Prince Harry, published in the same period of the previous year, as well as negative exchange rate effects, Penguin Random House recorded significant revenue growth. Alongside organic growth, particularly in the US and Spanish-speaking businesses, this growth is largely attributable to publishing acquisitions. BMG recorded increased revenue in both its publishing and recording business while profiting from high organic growth. Revenue fell for Arvato Group compared with the same period last year as a result of portfolio effects from the sale of Majorel shares in November 2023. The overall positive growth of the remaining business activities had an offsetting effect. Revenue development for Bertelsmann Marketing Services was defined by the prevailing difficult market environment and site closures in the gravure printing business. Bertelsmann Education Group continued to expand the education business and reported revenue growth. The revenues of the Bertelsmann Investments division are mainly generated by the activities of Bertelsmann Next as well as investments. This strong revenue growth can be attributed to the positive business development of AppLike in particular.

The following changes occurred in the geographical breakdown of revenues compared to the same period last year. The revenue share in Germany amounted to 28.2 percent compared to 29.2 percent in the first half of 2023. The revenue share generated by France amounted to 8.4 percent (H1 2023: 9.6 percent). In the United Kingdom, the revenue share was 6.2 percent (H1 2023: 6.6 percent), while the other European countries achieved a revenue share of 18.5 percent (H1 2023: 19.2 percent). The share of total revenues generated in the United States increased to 28.4 percent (H1 2023: 25.2 percent); other countries accounted for a share of 10.3 percent (H1 2023: 10.2 percent). Thus, the share of total revenues represented by foreign business amounted to 71.8 percent (H1 2023: 70.8 percent). Compared to the first half of 2023, there was a change in the ratio of the four revenue streams (own products and merchandise, advertising, services, and rights and licenses) to one another. The revenue share from services fell, in particular due to the sale of Majorel shares.

Operating EBITDA Adjusted

The Group posted a solid result in the reporting period despite the portfolio-related decline in revenue. Operating EBITDA adjusted was only slightly below the previous year's high figure at €1,249 million (H1 2023: €1,275 million). The EBITDA margin improved to 13.9 percent after 13.1 percent in the same period last year.

Operating EBITDA adjusted of RTL Group was on a par with the previous year. The recovery of the TV advertising markets was offset by higher programming fees in the TV business in particular. Penguin Random House recorded strong earnings growth due to both revenue and savings achieved largely through the reorganization of the US business. BMG recorded strong earnings growth once again, resulting in particular from revenue growth in the publishing and recording business. Operating EBITDA adjusted fell significantly for Arvato Group compared with the previous year's figure as a result of the sale of Majorel shares in November 2023. The remaining Arvato Group businesses recorded a rise in operating EBITDA adjusted. Bertelsmann Marketing Services recorded an increase in operating EBITDA adjusted due to improved production capacity utilization, particularly in the book printing business, and further cost savings. Compared to the previous year, operating EBITDA adjusted of Bertelsmann Education Group increased significantly. This development is mainly due to organic growth across all operating units. Earnings from

operational activities at Bertelsmann Investments grew as a result of the positive business development of AppLike in particular.

Operating EBITDA Adjusted

in € millions	H1 2024	H1 2023
EBIT (earnings before interest and taxes)	680	509
Less special items	(40)	(203)
attributable to: RTL Group	7	(48)
attributable to: Penguin Random House	(4)	(10)
attributable to: BMG	(5)	2
attributable to: Arvato Group	(88)	(6)
attributable to: Bertelsmann Marketing Services	(11)	(64)
attributable to: Bertelsmann Education Group	10	(42)
attributable to: Bertelsmann Investments	48	(37)
attributable to: Corporate/Consolidation	2	2
Less amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(536)	(572)
Less adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items	7	9
Operating EBITDA adjusted	1,249	1,275

Special Items

Overall, special items amounted to €-40 million (H1 2023: €-203 million). They consisted of results from disposals of investments of €6 million (H1 2023: €15 million), fair value measurement of investments of €40 million (H1 2023: €2 million), and reorganization expenses and other special items totaling €-86 million (H1 2023: €-216 million). The high reorganization expenses and other special items of the previous year period were primarily attributable to the reorganization of RTL Group's publishing business, the structural reorganization of Penguin Random House's US business and the announced location closures in the gravure printing business of Bertelsmann Marketing Services. In the first half of 2024, there were no impairment losses on other financial assets at amortized cost following €-2 million in the same period last year and no adjustments to carrying amounts of assets held for sale following €-2 million in the same period last year.

EBIT

EBIT amounted to €680 million in the reporting period (H1 2023: €509 million) after adjusting operating EBITDA adjusted to include special items totaling €-40 million (H1 2023: €-203 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 €-529 million (H1 2023: €-563 million), which were not included in special items.

Group Profit

The financial result was €-120 million (H1 2023: €-158 million). The tax expense was €-144 million compared to €-91 million in the same period last year. Group profit therefore rose to €416 million (H1 2023: €260 million). The share of Group profit attributable to Bertelsmann shareholders was €318 million (H1 2023: €116 million). The non-controlling interests in Group profit came to €98 million (H1 2023: €144 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, Bertelsmann bases its financing policy on the requirements of a solid investment grade 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. The Group consists largely of a single financial unit, thereby optimizing the raising of capital and investment opportunities.

Bertelsmann utilizes a financial management 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 adjusted over a 12-month period and limited to the defined maximum of 2.5, which should not be exceeded permanently. As of June 30, 2024, operating EBITDA adjusted (12 months) amounted to €2,958 million (June 30, 2023: €3,037 million). Economic debt is defined as net financial debt plus provisions for pensions amounting to €711 million (December 31, 2023: €700 million), profit participation capital amounting to €413 million (December 31, 2023: €413 million) and lease liabilities amounting to €1,351 million (December 31, 2023: €1,333 million). Net financial debt increased to €3,598 million, after €2,267 million as of December 31, 2023. The increase is in particular due to lower cash and cash equivalents. As of June 30, 2024, economic debt thus was €6,072 million (December 31, 2023: €4,713 million). In determining the leverage factor, the economic debt and the 12-month operating EBITDA adjusted 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 an unchanged €250 million (December 31, 2023: €250 million) and the 12-month operating EBITDA adjusted decreased by €296 million (December 31, 2023: €312 million). This results in a leverage factor of 2.4 as of June 30, 2024 (December 31, 2023: 1.8). Since the start of 2024, operating EBITDA adjusted of the Majorel stake sold in November 2023 is no longer included in the operating EBITDA adjusted over a 12-month period. If the same approach were applied, the leverage factor would have been 2.0 as of December 31, 2023.

Financing Activities

In April 2024, the debt issuance program was renewed with a maximum total volume of €5 billion.

Rating

Bertelsmann has been rated by the rating agencies Moody's and Standard & Poor's (S&P) since 2002. The issuer ratings facilitate access to the international capital markets and are therefore a key element of Bertelsmann's financial security. 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 €364 million (H1 2023: €424 million). The cash flow from investing activities amounted to €-726 million compared to €-422 million in the same period last year. The deviation is, among other things, attributable to the proceeds from sales of financial assets received in the same period last year. The cash flow from financing activities was €-966 million (H1 2023: €-1,237 million). Cash and cash equivalents decreased to €1,635 million as of June 30, 2024 (December 31, 2023: €2,954 million).

Consolidated Cash Flow Statement (Summary)

in € millions	H1 2024	H1 2023
Cash flow from operating activities	364	424
Cash flow from investing activities	(726)	(422)
Cash flow from financing activities	(966)	(1,237)
Change in cash and cash equivalents	(1,328)	(1,235)
Exchange rate changes and other changes in cash and cash equivalents	(11)	(4)
Cash and cash equivalents as of 1/1	2,974	3,228
Cash and cash equivalents as of 6/30	1,635	1,989
Less cash and cash equivalents of disposal groups	–	(300)
Cash and cash equivalents as of 6/30 (according to the consolidated balance sheet)	1,635	1,689

Investments

According to the cash flow statement, investments in the first half of 2024 amounted to €812 million (H1 2023: €771 million). Investments in intangible assets came to €236 million (H1 2023: €264 million) and were attributable primarily to BMG for the acquisition of music catalogs and to RTL Group for investments in the streaming and content businesses. As in the same period last year, the majority of investments in property, plant and equipment, totaling €210 million (H1 2023: €217 million), were attributable to Arvato Group. The sum of €73 million was invested in financial assets (H1 2023: €90 million). Purchase price payments for consolidated investments (less acquired cash and cash equivalents) totaled €293 million in the reporting period (H1 2023: €200 million) and were mainly attributable to the acquisition of Asacha Media Group and the acquisition of the US book publisher Hay House.

Balance Sheet

As of June 30, 2024, total assets amounted to €31.8 billion (December 31, 2023: €32.6 billion). Equity amounted to €15.1 billion after €15.2 billion as of December 31, 2023. The resulting equity ratio amounts to 47.4 percent (December 31, 2023: 46.5 percent). Cash and cash equivalents decreased to €1.6 billion as of June 30, 2024, from €3.0 billion as of December 31, 2023. The decline was due to increased investment activity as well as interest and dividend payments, among other things.

Employees

As of June 30, 2024, Bertelsmann had 78,271 employees worldwide. Compared with the previous year's figure of 164,020 members of staff as of June 30, 2023, the decrease is in particular attributable to the sale of shares in and deconsolidation of Majorel. Given the headcount reduction, personnel expenses fell accordingly.

Performance of the Group Divisions

RTL Group

RTL Group recorded growth in its revenues in the first half of 2024. A noticeable recovery in the TV advertising markets in Germany and France leading to higher ad revenues, as well as further growth in streaming revenues, fueled a 2.1 percent increase in RTL Group's revenues to €3.2 billion (H1 2023: €3.1 billion). At €372 million, operating EBITDA adjusted was at the previous year's level (H1 2023: €376 million).

In line with Bertelsmann's Boost strategy, RTL Group maintained its high level of investment in attractive content, the expansion of its streaming business, and Tech & Data, while promoting innovative partnerships.

The streaming services RTL+ in Germany and Hungary and M6+, which has replaced 6play in France, continued their dynamic growth. The total number of paying subscribers for these three streaming services rose by 25 percent to a combined 6.3 million in the first half of the year; streaming revenues grew by 42 percent to €185 million (H1 2023: €130 million). The M6+ app has been downloaded 2.2 million times since its launch in mid-May and scored a record of over one million concurrent users during the UEFA EURO 2024 quarter-final match between France and Portugal. In July 2024, RTL Group announced that the Group's largest streaming service, RTL+ in Germany, plans to migrate to the Bedrock technology platform. The plan is in line with RTL Group's strategy to deepen Group-wide collaboration in technology, content and advertising sales.

RTL Deutschland's flagship channel RTL was the only commercial channel in Germany to increase its audience share in the main commercial target group of 14- to 59-year-olds in the first half of the year. The RTL Deutschland family of channels extended its lead over its main competitor ProSiebenSat1 to 7.6 percentage points with a record for a first half-year (H1 2023: 5.8 percentage points). RTL Deutschland's combined audience share remained nearly stable at 27.4 percent (H1 2023: 27.6 percent). To strengthen its position in the competition with global tech platforms, RTL Deutschland entered into partnerships with Deutsche Telekom and Sky Deutschland.

In June and July, RTL Deutschland and Groupe M6 broadcast selected UEFA EURO 2024 matches, achieving high reach on linear television and streaming. In March, Groupe M6 announced the acquisition of the exclusive free-to-air television rights for the majority of the matches of the 2026 and 2030 FIFA World Cups. In addition, French media authority Arcom announced in July that the Digital Terrestrial Television (DTT) licenses for W9, Gulli and Paris Première were retained for renewal.

Fremantle celebrated great creative success in the first half of the year, winning a total of 114 awards (H1 2023: 65), including Academy Awards (Oscars), Golden Globes, BAFTAs, and a Golden Lion. Fremantle also expanded its business with the full acquisition of Asacha Media Group and an 80 percent stake in Beach House Pictures in the first half of 2024.

Penguin Random House

Penguin Random House reported a revenue increase in the first half of the year, largely due to the sales success of strong new releases and backlist bestsellers. Revenues grew by 8.5 percent to €2.3 billion (H1 2023: €2.1 billion), while operating EBITDA adjusted rose to €291 million (H1 2023: €258 million).

Penguin Random House's best-selling fiction title for the first half was "First Lie Wins" by Ashley Elston. Its best-selling nonfiction was "Atomic Habits" by James Clear, which was also its best-selling backlist title for the period, followed by "Taylor Swift: A Little Golden Books Biography" by Wendy Loggia. In children's books, Dr. Seuss classics sold more than 5.5 million copies in the first half of the year. Salman Rushdie's memoir "Knife," the publication of which was coordinated worldwide by Penguin Random House in April, is also an international bestseller.

In the United States, thanks to numerous new and previous #1 bestsellers, Penguin Random House achieved higher first-half revenues than in the previous year. Sourcebooks, which is majority-owned by Penguin Random House, made a significant contribution to the half-year results with numerous bestsellers. Positive contributions also came from audio publishing, and from its US third-party distribution business, Penguin Random House Publisher Services.

Penguin Random House Grupo Editorial also recorded an increase in revenues in the first half of the year compared to the previous year. Penguin Random House UK, in a challenging marketplace, maintained its market share at the level of the first half of 2023. Penguin Random House Verlagsgruppe and DK recorded slightly lower revenues.

In January, Penguin Random House completed the acquisition of Hay House, a leading international publisher of wellness and self-help titles.

In view of the increasing book bans in US schools and libraries, in the first half of the year, Penguin Random House significantly stepped up its ongoing industry-leading legal and communications initiatives to protect the right to read and ensure access to books for everyone.

Many Penguin Random House authors received prestigious awards in the first six months of the year, including Jayne Anne Phillips and Cristina Rivera Garza with the 2024 Pulitzer Prize, and Dave Eggers with the 2024 Newbery Medal, the foremost annual award for children's literature in the United States. Penguin Random House Australia was named Publisher of the Year at the Australian Book Industry Awards for the third time in four years.

BMG

Bertelsmann's music subsidiary BMG reported double-digit revenue growth and EBITDA margin at an all-time high, driven by a strong performance across its recordings and music publishing businesses. Revenues increased by 11.1 percent to €459 million (H1 2023: €414 million). Organic revenue growth was 12.5 percent, caused by strong growth in its digital income streams. The share of digital business in total revenues increased to 69 percent (H1 2023: 63 percent). Operating EBITDA adjusted rose by 35.5 percent to €122 million (H1 2023: €90 million). The EBITDA margin increased significantly to 26.5 percent (H1 2023: 21.7 percent).

As part of the Bertelsmann Boost strategy, BMG made 10 catalog purchases during the reporting period, bringing total investments since 2021 to around €900 million. The music division also signed well-known artists and songwriters in the first half of the year, including Mustard, YG, New Kids on the Block, and The Script in recordings and Cirque du Soleil, KT Tunstall, and Tyron Hapi in publishing.

In its recordings business, BMG achieved success with new releases by Jelly Roll, Lainey Wilson, Bruce Dickinson, Everything Everything, Sum 41, Crowded House, Pepe and Paco de Lucía, and Lenny Kravitz. BMG artists Lainey Wilson (Best Country Album) and Kylie Minogue (Best Pop Dance Recording) were each honored with a Grammy Award.

In its publishing business, new releases by Pashanim ("2000" reached #1 on the German and Swiss albums charts and "Mittelmeer" #1 on the German singles chart), Bring Me the Horizon, and Frank Turner were among the most successful. On behalf of its clients Steve Miller, Trevor Horn and Anne Dudley, BMG has a major share of Eminem's hit single "Houdini," one of the year's biggest streaming successes. BMG songwriters collaborated on 13 songs from Beyoncé's globally chart-topping album "Cowboy Carter." In addition, BMG scored a viral hit with a cover version of Pitbull's "Give Me Everything" featured in season three of the Netflix series "Bridgerton."

During the first half of the year, BMG formed an innovative partnership with the TUM School of Management's GenAI Lab at Munich's Technical University. The successfully launched pilot program used generative AI to optimize the creation and performance of multi-modal marketing assets, yielding positive initial results to date.

To ensure continuous improvement of its service offerings BMG further increased investments in technology for digital distribution, music monetization, royalty collection and services, and music licensing to media customers. In addition, BMG Production Music signed a global synchronization agreement to provide production music for Amazon MGM Studios.

Arvato Group

Bertelsmann's services units, which are bundled in Arvato Group, which primarily comprise the Arvato logistics business as well as Riverty and Arvato Systems, delivered a gratifying overall performance in the first half of 2024. Following the sale of shares in the customer experience company Majorel, both revenues and operating result declined sharply in the reporting period. Revenues fell by 35.0 percent to €1.9 billion (H1 2023: €2.9 billion) and operating EBITDA adjusted by 32.2 percent to €321 million (H1 2023: €473 million). The remaining business operations increased their revenues and operating result overall year-on-year.

Arvato's logistics business continued to grow strongly in the reporting period. New clients from various industries were acquired and some existing customer contracts were extended long-term. To further expand the business activities, a large site was acquired in the Dutch city of Echt, where a new logistics property will be built in the months ahead to handle future major orders. Arvato also continued to invest heavily in modern automation and robot technology. For example, innovative robotics solutions were implemented at the sites in Louisville, United States, Venlo, Netherlands, and Dortmund and Hanover in Germany.

Riverty's revenues and operating result grew significantly in the reporting period. In the first half of the year, Arvato Group's financial services provider succeeded in expanding existing customer contracts, including with a major telecommunications provider. The company also pressed ahead with the development of new business models and implemented the first AI applications in individual business processes. Riverty entered into new partnerships with financial services providers Adyen and Mollie, and in future will supplement the fintech companies' existing payment methods with its "Buy now, pay later" service. At the beginning of the year, Riverty won the 2024 E-Commerce Germany Award in the Best Payment Solution category for its "Buy now, pay later" solution.

The IT services provider Arvato Systems saw strong growth in the first half of the year, concluding new customer contracts and expanding existing partnerships. One focus was on the healthcare sector, where, for example, Arvato Systems won AOK-Bundesverband's tender for further developing the health insurance group's "aok.de" online offering. In the energy industry sector, important IT service contracts were renewed long-term. Arvato Systems once again received various awards.

Bertelsmann Marketing Services

Bertelsmann Marketing Services, a marketing and print services provider operating in Europe and North America, once again contended with a difficult market environment in the first half of 2024, characterized by an overall decline in demand for print products and a wait-and-see attitude on the part of advertising companies in the area of marketing services. As a result, but in particular due to the closures of the Prinovis printing plants in Liverpool, United Kingdom, and Ahrensburg, Germany, revenues fell by 22.0 percent year-on-year to €538 million (H1 2023: €689 million). By contrast, operating EBITDA adjusted increased by 89.7 percent to €15 million (H1 2023: €8 million) as a result of improved production capacity utilization, especially in the book printing business, and further cost savings.

Despite the reluctance of business customers to engage in advertising activities in the direct marketing and agency market, the Digital Marketing business was able to keep revenues stable overall. Campaign revenues fell slightly due to the discontinuation of activities by a major client in brochure distribution. The multi-partner bonus program DeutschlandCard was able to maintain revenues at the previous year's high level and is preparing a relaunch of the program, scheduled for spring 2025.

The offset printing businesses in Germany recorded declining revenues and reduced profitability in the reporting period as a result of lower capacity utilization. GGP Media's book business declined significantly, in particular due to lower paper and energy prices. The exit from the gravure business was completed at the end of January with the scheduled shutdown of production at Prinovis in Ahrensburg.

The book printing business in the United States recorded a year-on-year recovery as a result of significantly stronger demand, particularly in the core hardcover and softcover formats. Revenues and operating earnings increased significantly in the reporting period. This positive development is primarily due to stronger demand. The comprehensive investment program to boost productivity and digitalize production processes continued as planned over the course of the year. For example, a new digital printing press was put into operation at the Berryville site. At the same time, the consolidation of the US book printing business continued with the closure of Offset Paperback Manufacturers and the migration of mass market formats to the printing plant in Martinsburg. In addition, contracts with major clients were renewed long-term.

At Sonopress, capacity utilization and revenues fell in the first half of 2024 due to market-related volume declines across all digital formats. In the growing LP business segment, Sonopress launched EcoRecord, a more environmentally friendly alternative to conventional vinyl records. Topac further expanded its business with sustainable packaging solutions for the food industry.

Bertelsmann Education Group

In the first half of 2024, Bertelsmann's education businesses generated revenues of €470 million, 9.3 percent more than in the prior-year period (H1 2023: €430 million), and operating EBITDA adjusted of €180 million (H1 2023: €141 million), an increase of 27.7 percent. The increase in revenues and operating EBITDA adjusted at Bertelsmann Education Group is primarily attributable to organic growth across all operating units.

Bertelsmann Education Group increased its stake in listed education company Afya, a leading medical education group in Brazil with more than 35 locations across the country, through further share purchases. Its current focus is on the education and training of physicians, accompanied by an increasing emphasis on digital solutions for physicians, including tools to support clinical decision making, practice management, digital medical education, and digital prescriptions. Afya continued its dynamic growth in the first half of the year, driven by higher revenues from tuition fees and a further increase in student numbers. The acquisition of Unidom Participações S.A., which was successfully signed in May and closed in early July, further expanded Afya's presence in north-eastern Brazil, where it increased the number of medical student places by 300 to 3,503 per year.

Relias, the US leader in online education and training for healthcare professionals, continued to benefit from the shift to online learning and increasing demand for workforce management solutions to optimize clinical performance. In the first half of 2024, Relias won numerous national and international awards, including EdTech Breakthrough's Online Learning Innovation Award, as well as placing high in prestigious rankings, including eighth place in the Top 25 Healthcare Software Companies compiled by US industry service The Healthcare Technology Report.

The revenue increase seen at the professional practice-oriented Alliant University, which specializes in psychology, nursing and teaching degrees, is primarily due to the continued expansion of online program offerings and an increase in student enrollment. Alliant also continued to expand its market share in teacher training and certification in California, United States, and saw a significant increase in enrollment in its mental health programs (Marriage and Family Therapy, Clinical Counseling, Masters in Social Work). The first cohort at Alliant's new School of Nursing and Health Sciences in Phoenix, Arizona, United States, started at the beginning of the year.

Bertelsmann Investments

In the reporting period, Bertelsmann Investments (BI) made 15 new and 15 follow-on investments in innovative companies and funds via its venture capital funds and the Bertelsmann Next unit. As of the reporting date, BI's active portfolio consisted of 374 venture investments worldwide. The division's revenues, which mainly reflect Bertelsmann Next's activities in mobile ad tech (AppLike), HR tech (Embrace) and pharma tech, increased to €300 million in the first half of 2024 (H1 2023: €205 million); operating EBITDA adjusted improved to €30 million (H1 2023: €7 million). The business development of the venture capital organizations of Bertelsmann Investments is determined primarily on the basis of EBIT. EBIT of Bertelsmann Investments amounted to €72 million (H1 2023: €-36 million). BI has invested a total of around €1.9 billion in companies and funds since its launch in 2006.

BI's Bertelsmann Next unit primarily works to drive entrepreneurial development in the fast-growing digital-health, pharma-tech, HR-tech and mobile ad-tech sectors. In digital health, investments and capital commitments of around €120 million have been made since Next was launched in 2022. In pharma tech, the first half of 2024 saw the acquisition of Extedo, a leading provider of software solutions and services in the field of regulatory information management. The HR-tech company Embrace grew strongly, mainly due to the acquisition of HR-solution provider Milch & Zucker. Ad-tech company AppLike more than doubled its revenues in the reporting period, in particular due to the development and expansion of its US business.

Bertelsmann Asia Investments (BAI) strengthened its portfolio companies with follow-on investments and, in this context, further expanded its holdings in Stori, Mexico's leading digital bank with a market valuation of more than €1 billion after the latest funding round, and the augmented reality service provider Vitore. BAI also successfully exited Xiaomi, the world's third-largest smartphone provider.

Bertelsmann India Investments (BII) made follow-on investments in Rupeek, one of India's leading fintech platforms for gold-backed lending, and in the logistics platform LetsTransport. BII also invested in the trading platform Rozana, which gives roughly a billion people in India's rural regions access to affordable groceries.

Bertelsmann Digital Media Investments (BDMI) made several new and follow-on investments in the reporting period. These included follow-on investments in Percent, a fintech company in the United States, and in the logistics company Burq.

Bertelsmann Central Investments' (BCI) investments in the reporting period included the Paris-based global generative-AI company Mistral AI.

In Germany, the sale of DDV Mediengruppe to Madsack Mediengruppe was completed in April 2024.

Risks and Opportunities

Risk Management System

Please refer to the 2023 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 2023 Combined Management Report

Please refer to the respective disclosures in the 2023 Combined Management Report for a description of the key risks to the Bertelsmann Group. Overall, as of June 30, 2024, the same Group risks are considered material as those existing as of December 31, 2023. However, the significance of individual types of risk in terms of Bertelsmann's future business performance has changed. In light of the macroeconomic conditions, customer risks and the risk of economic slowdown remain the most material risks to the Group.

Strategic and Operational Risks

The strategic and operational risk position for the Group remains essentially unchanged from that depicted in the 2023 Combined Management Report. Growing customer risks primarily arising from the expected decline in volumes due to macroeconomic conditions are partly offset by a decline in supplier risks due to the further normalization of factor costs and falling inflation.

Forecasts concerning global economic development continue to be cautious because the global economic situation is still being impacted by the effects of geopolitical crises such as the Russia's invasion of Ukraine and the conflict in the Middle East, as well as inflation trends.

In addition, further geopolitical crises, national deficits, currency turbulences 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

Please refer to the 2023 Combined Management Report for details of legal and regulatory risks. There have been no significant changes.

Financial Market Risks

Compared with the situation in the 2023 Combined Management Report, financial market risks remain largely unchanged.

Overall Risk

The overall risk position remains essentially unchanged. No risks were identified for Bertelsmann as a going concern as of June 30, 2024.

Opportunities

The assessment of opportunities has not changed substantially compared to the information presented in the 2023 Combined Management Report.

Outlook

The forecast for the global economy remains stable for 2024 as a whole. In spite of the prevailing tangible effects of restrictive monetary policies, global economic activity has proven to be resilient, inflation has continued to fall and private sector confidence has improved. Economic estimates by the Kiel Institute for the World Economy (IfW) forecasting global economic development of 3.2 percent for the full year 2024 are slightly above previous estimates.

The IfW anticipates real GDP growth of 0.9 percent for the eurozone in 2024. At the same time, GDP in Germany is expected to grow by a mere 0.2 percent. Growth of 0.9 percent is expected in France. The IfW likewise expects real economic growth of 0.9 percent for the United Kingdom. The economic outlook for the United States remains positive. The IfW now anticipates real GDP growth of 2.2 percent for 2024.

As always, these assessments are subject to a high degree of uncertainty in terms of economic and geopolitical conditions. The global economy remains subject to risks. 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 resulting developments could adversely affect 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.

In light of a positive market and business performance in the reporting period the forecast for the Bertelsmann Group has been raised for the current financial year. Bertelsmann now expects a significant revenues and earnings increase (outlook presented in the 2023 Combined Management Report: moderate revenues and earnings increase) for ongoing operations, i.e., not including sales already made or planned (Majorel, RTL Nederland, DDV Mediengruppe). Taking into account the sale of Majorel shares and of DDV Mediengruppe as well as the planned sale of RTL Nederland a moderate decline is now expected for reported revenue and operating EBITDA adjusted (outlook presented in the 2023 Combined Management Report: strong decline). The sale of RTL Nederland originally expected to close in mid-2024 is now expected to close around the end of 2024. As a result, Bertelsmann now expects RTL Group to see a significant revenue increase (outlook presented in the 2023 Combined Management Report: slight decline) and a moderate earnings decrease (outlook presented in the 2023 Combined Management Report: strong decline). The outlook presented in the 2023 Combined Management Report for Penguin Random House and Arvato Group is confirmed.

These forecasts are based on Bertelsmann's current business strategy, as outlined in the section "Corporate Profile." 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 established 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 2024	H1 2023
Revenues	8,975	9,705
Other operating income	183	144
Cost of materials	(3,020)	(3,020)
Royalty and license fees	(786)	(714)
Personnel costs	(2,640)	(3,497)
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(536)	(572)
Other operating expenses	(1,518)	(1,566)
Results from investments accounted for using the equity method	16	14
Impairment and reversals on investments accounted for using the equity method	–	–
Results from disposals of investments	6	15
EBIT (earnings before interest and taxes)	680	509
Interest income	32	28
Interest expenses	(88)	(92)
Other financial income	41	15
Other financial expenses	(104)	(109)
Financial result	(120)	(158)
Earnings before taxes	560	351
Income tax expense	(144)	(91)
Group profit or loss	416	260
attributable to:		
Bertelsmann shareholders	318	116
Non-controlling interests	98	144

Consolidated Statement of Comprehensive Income

in € millions	H1 2024	H1 2023
Group profit or loss	416	260
Items that will not be reclassified subsequently to profit or loss		
Remeasurement component of defined benefit plans	43	13
Changes in fair value of equity instruments	–	–
Share of other comprehensive income of investments accounted for using the equity method	–	–
Items that will be reclassified subsequently to profit or loss when specific conditions are met		
Exchange differences		
– changes recognized in other comprehensive income	24	(68)
– reclassification adjustments to profit or loss	–	(1)
Cash flow hedges		
– changes in fair value recognized in other comprehensive income	(17)	9
– reclassification adjustments to profit or loss	29	(14)
Share of other comprehensive income of investments accounted for using the equity method	1	(1)
Other comprehensive income net of tax	80	(62)
Group total comprehensive income	495	198
attributable to:		
Bertelsmann shareholders	423	45
Non-controlling interests	72	153

Consolidated Balance Sheet

in € millions	6/30/2024	12/31/2023
Assets		
Non-current assets		
Goodwill	8,706	8,403
Other intangible assets	3,998	4,077
Property, plant and equipment and right-of-use assets	2,915	2,808
Investments accounted for using the equity method	507	549
Minority stakes and other financial assets	1,471	1,414
Trade and other receivables	69	66
Other non-financial assets	1,285	1,194
Deferred tax assets	968	969
	19,919	19,480
Current assets		
Inventories	2,359	2,154
Trade and other receivables	5,218	5,356
Other financial assets	463	503
Other non-financial assets	1,447	1,322
Current income tax receivables	98	95
Cash and cash equivalents	1,635	2,954
	11,218	12,383
Assets held for sale	673	758
	11,891	13,142
	31,810	32,622
Equity and liabilities		
Equity		
Subscribed capital	1,000	1,000
Capital reserve	2,345	2,345
Retained earnings	9,725	9,597
Bertelsmann shareholders' equity	13,071	12,942
Non-controlling interests	1,992	2,223
	15,063	15,165
Non-current liabilities		
Provisions for pensions and similar obligations	711	700
Other provisions	182	227
Deferred tax liabilities	155	157
Profit participation capital	413	413
Financial debt	4,594	4,616
Lease liabilities	1,077	1,066
Trade and other payables	544	609
Other non-financial liabilities	406	392
	8,082	8,180
Current liabilities		
Other provisions	186	257
Financial debt	638	604
Lease liabilities	273	268
Trade and other payables	5,242	5,702
Other non-financial liabilities	2,029	2,073
Current income tax payables	96	63
	8,464	8,967
Liabilities related to assets held for sale	201	309
	8,665	9,277
	31,810	32,622

Consolidated Cash Flow Statement

in € millions	H1 2024	H1 2023
EBIT (earnings before interest and taxes)	680	509
Taxes paid	(136)	(173)
Depreciation and write-ups of non-current assets	536	576
Results from disposals of investments	(6)	(15)
Gains/losses from disposals of non-current assets	(1)	–
Change in provisions for pensions and similar obligations	55	(63)
Change in other provisions	(121)	38
Change in net working capital	(674)	(526)
Fair value measurement of investments	(40)	(2)
Interest received	39	53
Other effects	33	27
Cash flow from operating activities	364	424
Investments in:		
– intangible assets	(236)	(264)
– property, plant and equipment	(210)	(217)
– financial assets	(73)	(90)
– purchase price payments for consolidated investments (net of acquired cash)	(293)	(200)
Disposals of subsidiaries and other business units	13	4
Disposals of other fixed assets	73	345
Cash flow from investing activities	(726)	(422)
Redemption of bonds and promissory notes	–	(146)
Redemption of other financial debt	(74)	(100)
Proceeds from other financial debt	41	77
Redemption of lease liabilities	(146)	(168)
Interest paid	(207)	(217)
Dividends to Bertelsmann shareholders	(220)	(220)
Dividends to non-controlling interests and payments to partners in partnerships	(199)	(228)
Change in equity	(134)	(65)
Other effects	(27)	(170)
Cash flow from financing activities	(966)	(1,237)
Change in cash and cash equivalents	(1,328)	(1,235)
Exchange rate changes and other changes in cash and cash equivalents	(11)	(4)
Cash and cash equivalents as of 1/1	2,974	3,228
Cash and cash equivalents as of 6/30	1,635	1,989
Less cash and cash equivalents of disposal groups	–	(300)
Cash and cash equivalents as of 6/30 (according to the consolidated balance sheet)	1,635	1,689

Consolidated Statement of Changes in Equity

	Sub- scribed capital	Capital reserve¹	Retained earnings					Bertels- mann share- holders' equity	Non- controlling interests	Total
Other retained earnings			Accumulated other comprehensive income²							
			Exchange differ- ences	Fair value reserve	Cash flow hedges	Share of other compre- hensive income of invest- ments account- ed for using the equity method				
in € millions										
Balance as of 1/1/2023	1,000	2,345	9,043	101	8	10	31	12,538	2,505	15,043
Group profit or loss	–	–	116	–	–	–	–	116	144	260
Other comprehensive income	–	–	15	(81)	–	(4)	(1)	(71)	9	(62)
Group total comprehensive income	–	–	131	(81)	–	(4)	(1)	45	153	198
Dividend distributions	–	–	(220)	–	–	–	–	(220)	(267)	(487)
Transactions with subsidiaries that do not result in a loss of control³	–	–	(90)	(3)	–	–	–	(93)	(37)	(130)
Equity transactions with shareholders	–	–	(310)	(3)	–	–	–	(313)	(304)	(617)
Other changes	–	–	6	–	–	(1)	–	5	37	42
Balance as of 6/30/2023	1,000	2,345	8,870	17	8	5	30	12,275	2,391	14,666
Balance as of 1/1/2024	1,000	2,345	9,574	(16)	10	(1)	30	12,942	2,223	15,165
Group profit or loss	–	–	318	–	–	–	–	318	98	416
Other comprehensive income	–	–	41	53	–	10	1	105	(26)	80
Group total comprehensive income	–	–	359	53	–	10	1	423	72	495
Dividend distributions	–	–	(220)	–	–	–	–	(220)	(199)	(419)
Transactions with subsidiaries that do not result in a loss of control³	–	–	(58)	(12)	–	–	–	(70)	(123)	(193)
Equity transactions with shareholders	–	–	(278)	(12)	–	–	–	(290)	(321)	(611)
Other changes	–	–	(3)	–	–	(1)	(1)	(5)	18	14
Balance as of 6/30/2024	1,000	2,345	9,653	25	10	9	29	13,071	1,992	15,063

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

2 As of June 30, 2024, no significant amounts relates to assets classified as held for sale in accordance with IFRS 5 (June 30, 2023: €-25 million).

3 Transactions with subsidiaries that do not result in a loss of control mainly result from a further increase of the equity interest in the education company Afya and the share increase in Sourcebooks. In the previous year, transactions with subsidiaries that did not result in a loss of control mainly resulted from put options in connection with the share increase in Sourcebooks and from a further increase of the equity interest in the education company Afya.

Selected Explanatory Notes

Segment Information

	RTL Group		Penguin Random House		BMG		Arvato Group ²		Bertelsmann Marketing Services		
in € millions	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	
Revenues from external customers	3,166	3,102	2,276	2,098	458	412	1,830	2,833	466	616	
Intersegment revenues	7	7	–	–	1	2	37	40	71	73	
Divisional revenues	3,174	3,109	2,276	2,098	459	414	1,867	2,873	538	689	
Operating EBITDA adjusted	372	376	291	258	122	90	321	473	15	8	
EBITDA margin (in percent) ¹	11.7	12.1	12.8	12.3	26.5	21.7	17.2	16.5	2.8	1.2	
Impairment (-)/reversals (+) on intangible assets, property, plant and equipment and right-of-use assets	(3)	(3)	–	–	–	–	–	–	(1)	(7)	
Results from investments accounted for using the equity method	16	16	–	–	–	–	5	4	–	–	
Impairment (-)/reversals (+) on investments accounted for using the equity method	–	–	–	–	–	–	–	–	–	–	

	Bertelsmann Education Group		Bertelsmann Investments ³		Total divisions		Corporate		Consolidation		Group total	
in € millions	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Revenues from external customers	470	430	297	204	8,964	9,695	12	10	–	–	8,975	9,705
Intersegment revenues	–	–	3	1	120	123	20	17	(140)	(140)	–	–
Divisional revenues	470	430	300	205	9,084	9,818	32	27	(140)	(140)	8,975	9,705
Operating EBITDA adjusted	180	141	30	7	1,330	1,353	(71)	(71)	(10)	(7)	1,249	1,275
EBITDA margin (in percent) ¹	38.2	32.7	9.9	3.2	14.6	13.8	n/a	n/a	n/a	n/a	13.9	13.1
Impairment (-)/reversals (+) on intangible assets, property, plant and equipment and right-of-use assets	(1)	–	–	–	(3)	(10)	–	–	–	–	(3)	(10)
Results from investments accounted for using the equity method	(9)	(11)	4	5	16	14	–	–	–	–	16	14
Impairment (-)/reversals (+) on investments accounted for using the equity method	–	–	–	–	–	–	–	–	–	–	–	–

1 Operating EBITDA adjusted as a percentage of revenues.

2 The decrease in revenues and operating EBITDA adjusted is mainly due to the sale of shares in the customer experience company Majorel in the financial year 2023.

3 The business development of the venture capital organizations of Bertelsmann Investments is determined primarily on the basis of EBIT. EBIT of Bertelsmann Investments amounted to €72 million (H1 2023: €-36 million).

Reconciliation to Operating EBITDA Adjusted

in € millions	H1 2024	H1 2023
EBIT (earnings before interest and taxes)	680	509
Less special items		
Adjustment to carrying amounts on assets held for sale	–	(2)
Impairment (-)/reversals (+) on other financial assets at amortized cost	–	(2)
Results from disposals of investments	6	15
Fair value measurement of investments	40	2
Reorganization expenses and other special items	(86)	(216)
Less amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(536)	(572)
Less adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items	7	9
Operating EBITDA adjusted	1,249	1,275

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 complete consolidated financial statements and should be read in conjunction with the Bertelsmann Consolidated Financial Statements as of December 31, 2023. 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, 2023. A detailed description of these policies is presented in the notes to the Consolidated Financial Statements in the 2023 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.

A financial reporting standard that is not yet effective that will have a material impact on Bertelsmann is IFRS 18 Presentation and Disclosure in Financial Statements. In April 2024, the International Accounting Standards Board (IASB) published the new accounting standard IFRS 18. IFRS 18 will replace the current IAS 1 Presentation of Financial Statements and will amend IAS 7 Statement of Cash Flows, IAS 33 Earnings Per Share and IAS 34 Interim Financial Statements. The new standard aims to improve how companies communicate information in their financial statements, with a focus on information about financial performance in the statement of profit or loss. The main changes from applying IFRS 18 means companies will:

- in the statement of profit or loss: report two new defined subtotals including operating profit, based on a new set of requirements for classifying income and expenses in categories;
- in the notes: disclose information about some performance measures defined by management, which IFRS 18 identifies as management-defined performance measures (MPMs); and
- in both the primary financial statements and the notes: group items applying enhanced requirements for aggregation and disaggregation of information.

IFRS 18 also introduces limited changes to the statement of cash flows. Subject to endorsement by the EU, the application of IFRS 18 will be mandatory for financial years beginning on or after January 1, 2027, and must be applied retrospectively for the corresponding comparative period. The Bertelsmann Group is currently analyzing the impact of IFRS 18 on the components of financial statements. According to the current status, the new standard will result in particular in changes to the structure of the consolidated income statement. In addition, the effects of the new requirements on the disclosures in the notes are being assessed.

The expected impact from other financial reporting requirements that have been issued but 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 of December 31, 2023. 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. Further, put option liabilities are sensitive to forecasted performance targets as they are based on a multiple of earnings and judgment is required where there are adjustments to forecasted results or to the probability of meeting each performance target. Furthermore, the information on material accounting judgments, estimates and assumptions in the notes to the 2023 Annual Report still applies. Management is of the opinion that the additional estimates and material accounting judgments required by the geopolitical uncertainties take appropriate account of the currently foreseeable microeconomic and macroeconomic situation.

Scope of Consolidation

The Condensed Interim Consolidated Financial Statements as of June 30, 2024, 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. As of June 30, 2024, the scope of consolidation including Bertelsmann SE & Co. KGaA consists of 853 (December 31, 2023: 821) companies with 66 additions and 34 disposals in the first half of 2024. This includes 804 (December 31, 2023: 775) consolidated companies. In addition, investments in 17 (December 31, 2023: 16) joint ventures and 32 (December 31, 2023: 30) associates are accounted for using the equity method in the Consolidated Financial Statements. A total of 147 (December 31, 2023: 168) companies were excluded from the scope of consolidation. These consist of the associates in the venture capital organizations of the Bertelsmann Investments division and entities without significant business operations and of an overall negligible importance for the financial position and financial performance of the Bertelsmann Group.

Acquisitions and Disposals

In the first half of 2024, the cash flow from acquisition activities totaled €-293 million, of which €-238 million related to new acquisitions during the first half of the year less cash and cash equivalents acquired, and €-55 million related to payments in connection with acquisitions made in previous years. The consideration transferred in accordance with IFRS 3 totaled €282 million, taking into account contingent consideration of €4 million. Furthermore, at the time of initial consolidation, put options in the amount of €71 million were accounted for in relation to the acquisitions made by the RTL Group division.

In January 2024, Penguin Random House acquired 100 percent of the shares in book publisher Hay House with operations in the United States, the United Kingdom, Australia and India. Hay House is one of the leading publishers of self-help, health and wellness in the United States. The consideration transferred amounted to €85 million, of which €50 million was paid in cash. The remaining consideration will be paid in four equal annual installments. The preliminary purchase price allocation resulted in goodwill of €36 million, which is attributable to the usage of the Hay House marketing channels for the expansion of the ecosystems around Penguin Random House authors and to cost synergies. Goodwill is tax-deductible and was allocated to the cash-generating unit Penguin Random House. In the first half of 2024, transaction-related costs were immaterial and were recognized in profit or loss as other operating expenses. Since initial consolidation, Hay House has contributed €35 million to revenue and €-2 million to Group profit or loss.

In March 2024, Fremantle fully acquired the parent company of Asacha Media Group, a European production group based in France that owns interests in eight production companies in France, Italy and the United Kingdom. The acquisition complements Fremantle's footprint in Europe and strengthens Fremantle's position as home to top and new talent. The consideration transferred amounted to €133 million and was fully paid in cash. Additionally, as part of the acquisition agreement, Fremantle repaid the acquiree's debt in the amount of €56 million immediately. At the time the Condensed Interim Consolidated Financial Statements were prepared, the accounting for the acquisition of Asacha was not completed. In particular, the valuations had not yet been finalized. Therefore, the fair values of identifiable assets – especially intangible assets – and liabilities acquired have only been determined provisionally and have not been recognized accordingly. The accounting for the acquisition will be revised in the second half of 2024, within the 12-month measurement period in accordance with IFRS 3. The transaction resulted in the recognition of preliminary goodwill of €209 million reflecting the strengthening of Fremantle's market position in the United Kingdom, Italy and France as well as revenue and cost synergies. Goodwill is not tax-deductible and was allocated to the Fremantle cash-generating unit. In the first half of 2024, transaction-related costs amounted to €3 million and have been recognized in profit or loss as other operating expenses. Since initial consolidation, Asacha has contributed €30 million to Group revenue and €-2 million to Group profit or loss. If consolidated as of January 1, 2024, Asacha would have contributed €47 million to revenue and €-5 million to Group profit or loss.

In addition, the Bertelsmann Group made several acquisitions in the first half of 2024, 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 for these acquisitions, net of acquired cash and cash equivalents, amounted to €-37 million. The consideration transferred in accordance with IFRS 3 for these acquisitions amounted to €65 million, taking into account contingent consideration of €4 million. The other acquisitions resulted in goodwill totaling €33 million, which reflects synergy and future growth potential and is not tax-deductible. Transaction-related costs amounted to €1 million in the first half of 2024 and were 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 allocations 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, some of which are currently preliminary:

Effects of Acquisitions

in € millions	Hay House	Asacha	Other	Total
Non-current assets				
Other intangible assets	33	5	13	51
Property, plant and equipment and right-of-use assets	1	11	25	36
Other non-current assets	–	7	–	7
Current assets				
Inventories	7	51	6	64
Trade and other receivables	16	60	7	83
Other current assets	14	40	3	56
Cash and cash equivalents	3	34	13	51
Liabilities				
Provisions for pensions and similar obligations	–	–	–	(1)
Financial debt	(8)	(112)	(2)	(121)
Lease liabilities	(1)	(9)	(3)	(12)
Other financial and non-financial liabilities	(16)	(145)	(30)	(191)
Net assets acquired	49	(58)	32	23
Goodwill	36	209	33	278
Non-controlling interests	–	(18)	–	(18)
Consideration transferred in accordance with IFRS 3	85	133	65	282
Less deferred payments	(35)	–	–	(35)
Less contingent consideration	–	–	(4)	(4)
Less advance payments of the previous year	–	–	(10)	(10)
Consideration paid in cash	50	133	51	233
Cash and cash equivalents acquired	(3)	(34)	(13)	(51)
Repaid financial debt	–	56	–	56
Cash outflow from acquisitions in accordance with IFRS 3	46	155	37	238
Payments on prior year's acquisitions				55
Advance payments on acquisitions				–
Total cash flow from acquisition activities				293

Since initial consolidation, all new acquisitions in accordance with IFRS 3 made in the first half of 2024 have contributed €85 million to revenue and €-4 million to Group profit or loss. If consolidated as of January 1, 2024, these would have contributed €111 million to revenue and €-7 million to Group profit or loss.

The Bertelsmann Group made several disposals in the first half of 2024, none of which was material on a stand-alone basis. In total, the impact of these disposals on the Group's financial position and financial performance was also minor. After considering cash and cash equivalents disposed of, the Bertelsmann Group recorded cash flows in the amount of €13 million from all disposals in the first half of 2024. The disposals resulted in a gain from deconsolidation of €11 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. A significant portion of the reported carrying amounts relates to DDV Mediengruppe, which was held by the Bertelsmann Investments division and recognized as an asset held for sale as of December 31, 2023.

Effects of Disposals

in € millions	Total
Non-current assets	
Goodwill	18
Other intangible assets	2
Property, plant and equipment and right-of-use assets	31
Other non-current assets	3
Current assets	
Inventories	4
Other current assets	29
Cash and cash equivalents	13
Liabilities	
Provisions for pensions and similar obligations	4
Financial debt	4
Lease liabilities	5
Other financial and non-financial liabilities	70

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	RTL Nederland	Other	Total as of 6/30/2024	Total as of 12/31/2023
Assets				
Non-current assets				
Goodwill	404	–	404	421
Other intangible assets	8	4	12	9
Property, plant and equipment and right-of-use assets	28	–	28	57
Investments accounted for using the equity method	5	–	5	5
Deferred tax assets	–	–	–	2
Other non-current assets	–	–	–	1
Current assets				
Inventories	110	–	110	99
Trade and other receivables	102	1	103	144
Other current assets	9	–	9	9
Current income tax receivables	–	–	–	2
Cash and cash equivalents	–	–	–	20
Impairment on assets held for sale	–	–	–	(11)
Assets held for sale	667	6	673	758
Liabilities				
Non-current liabilities				
Provisions for pensions and similar obligations	–	–	–	4
Other provisions	3	–	3	4
Deferred tax liabilities	1	–	1	–
Financial debt	–	–	–	1
Lease liabilities	16	–	16	23
Trade and other payables	–	–	–	20
Other non-current liabilities	3	–	3	2
Current liabilities				
Other provisions	2	1	3	6
Financial debt	–	–	–	1
Lease liabilities	4	–	4	8
Trade and other payables	113	2	115	147
Other current liabilities	54	2	55	93
Current income tax payables	–	–	–	1
Liabilities related to assets held for sale	196	4	201	309

As of June 30, 2024, the carrying amounts of the assets classified as held for sale and related liabilities are mainly attributable to the RTL Group division.

In December 2023, RTL Group announced that it had signed an agreement for the intended sale of RTL Nederland. The purchase price amounts to €1.1 billion and will be paid upon closing. The transaction is subject to regulatory approvals and closing is expected around the end of 2024. The disposal group RTL Nederland includes not only the directly attributable goodwill of €159 million, but also the fair value proportionate share of the goodwill for the cash-generating unit “RTL Group, Group level” of €245 million attributable to the disposal.

As of June 30, 2024, further assets classified as held for sale and related liabilities are attributable to a disposal group within the BMG division.

For disposal groups which were measured at fair value less costs to sell, no impairment losses were recognized for 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. The impairment losses recognized in profit or loss are included in the item "Other operating expenses."

As of December 31, 2023, the carrying amounts of the assets classified as held for sale and related liabilities were mainly attributable to RTL Nederland. In addition, DDV Mediengruppe was included as one of the assets held for sale in the item "Other." For another disposal group classified as held for sale as of December 31, 2023, the necessary requirements were no longer met as of June 30, 2024, and a corresponding reclassification was made.

Change in Bertelsmann Shareholders' Equity

In the first half of 2024, Bertelsmann Education Group further increased its interest in the Nasdaq-listed education company Afya and held as of June 30, 2024, 75 percent (December 31, 2023: 61 percent) of the voting rights and – after adjustment of treasury shares held by Afya – 63 percent (December 31, 2023: 50 percent) of the equity interest. The transaction was accounted for as an equity transaction in accordance with IFRS 10. The transaction resulted in a decrease of the equity attributable to the Bertelsmann shareholders in the amount of €107 million (thereof a decrease in the currency translation reserve in the amount of €11 million) and a decrease of the equity attributable to the non-controlling interests in the amount of €95 million.

In the first half of 2024, Penguin Random House increased its investment in Sourcebooks LLC by 22 percent to 75 percent through the exercise of a put/call option (December 31, 2023: 53 percent). The transaction was accounted for as an equity transaction in accordance with IFRS 10. The transaction resulted in an increase of the equity attributable to the Bertelsmann shareholders in the amount of €22 million (thereof a decrease in the currency translation reserve in the amount of €1 million) and a decrease of the equity attributable to the non-controlling interests in the amount of €22 million.

Foreign 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 2024	H1 2023	6/30/2024	12/31/2023	6/30/2023
Australian dollar	AUD	1.6422	1.5982	1.6079	1.6263	1.6398
Brazilian real	BRL	5.4922	5.4840	5.8915	5.3618	5.2788
Canadian dollar	CAD	1.4685	1.4566	1.4670	1.4642	1.4415
Chinese renminbi	CNY	7.8011	7.4893	7.7748	7.8509	7.8983
British pound	GBP	0.8546	0.8762	0.8464	0.8691	0.8583
US dollar	USD	1.0813	1.0807	1.0705	1.1050	1.0866

Additional Disclosures on Revenues

In the first half of 2024, Group revenues of €8,749 million were generated from contracts with customers in accordance with IFRS 15 (H1 2023: €9,505 million). The other revenues amounting to €226 million (H1 2023: €200 million) not in the scope of IFRS 15 resulted from financial services in the Arvato Group division. The following table only 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.

Revenue from Contracts with Customers

H1 2024								
in € millions	RTL Group	Penguin Random House	BMG	Arvato Group	Bertelsmann Marketing Services	Bertelsmann Education Group	Bertelsmann Investments	Total divisions ¹
Revenue Sources								
Own products and merchandise	60	2,156	38	23	3	2	25	2,308
Services	162	76	1	1,580	462	467	259	3,007
Advertising	1,605	–	–	–	1	–	13	1,619
Rights and licenses	1,340	43	419	–	–	–	1	1,804
	3,166	2,276	458	1,603	466	470	297	8,737
Geographical Areas								
Germany	1,097	137	41	725	293	3	110	2,406
France	664	8	32	26	21	–	3	753
United Kingdom	145	206	45	128	24	–	6	555
Other European countries	694	183	68	491	64	–	46	1,547
United States	465	1,395	235	202	59	170	26	2,552
Other countries	102	347	36	31	5	298	106	924
	3,166	2,276	458	1,603	466	470	297	8,737
Timing								
Point in time	1,008	2,199	93	24	4	4	29	3,360
Over time	2,159	77	365	1,579	462	466	269	5,377
	3,166	2,276	458	1,603	466	470	297	8,737

H1 2023								
in € millions	RTL Group	Penguin Random House	BMG	Arvato Group	Bertelsmann Marketing Services	Bertelsmann Education Group	Bertelsmann Investments	Total divisions ¹
Revenue Sources								
Own products and merchandise	96	1,981	44	30	8	3	38	2,200
Services	174	79	4	2,603	601	427	145	4,033
Advertising	1,535	–	–	–	7	–	20	1,562
Rights and licenses	1,297	38	364	–	–	–	1	1,700
	3,102	2,098	412	2,633	616	430	204	9,495
Geographical Areas								
Germany	1,055	137	49	929	397	2	122	2,691
France	628	3	29	248	26	–	2	936
United Kingdom	129	209	42	215	44	–	1	640
Other European countries	690	168	42	803	80	–	11	1,794
United States	512	1,233	217	248	64	165	10	2,449
Other countries	88	348	33	190	5	263	58	985
	3,102	2,098	412	2,633	616	430	204	9,495
Timing								
Point in time	1,075	2,019	102	33	14	5	42	3,290
Over time	2,027	79	310	2,600	602	425	162	6,205
	3,102	2,098	412	2,633	616	430	204	9,495

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	6/30/2024	12/31/2023
Financial assets measured at amortized cost			
– loans	Minority stakes and other financial assets	31	29
– trade receivables	Trade and other receivables	3,436	3,495
– receivables from participations	Trade and other receivables	20	23
– purchased receivables which are not credit-impaired	Trade and other receivables	296	348
– receivables which are credit-impaired on purchase	Trade and other receivables	466	403
– receivables relating to sold receivables	Trade and other receivables	165	98
– sundry financial receivables	Trade and other receivables	282	243
– bank balances and cash on hand	Cash and cash equivalents	961	1,115
– cash equivalents	Cash and cash equivalents	46	850
Financial assets measured at fair value through other comprehensive income			
– other financial assets	Minority stakes and other financial assets	30	31
Primary financial assets measured at fair value through profit or loss			
– loans	Minority stakes and other financial assets	37	24
– minority stakes held by venture capital organizations	Minority stakes and other financial assets	1,145	1,075
– fund-of-fund investments held by venture capital organizations	Minority stakes and other financial assets	157	148
– receivables relating to financial services for resale to financial intermediaries	Trade and other receivables	312	561
– sundry financial receivables	Trade and other receivables	1	1
– other financial assets	Minority stakes and other financial assets	500	538
– cash equivalents	Cash and cash equivalents	628	989
Derivative financial instruments	Minority stakes and other financial assets	34	72
Continuing involvement	Trade and other receivables	254	220
		8,800	10,264

The amounts recognized in the items “Purchased receivables which are not credit-impaired,” “Receivables which are credit-impaired on purchase,” “Receivables relating to sold receivables,” “Receivables relating to financial services for resale to financial intermediaries” and “Continuing involvement” relate to the Riverty business unit.

Carrying Amounts and Measurement Categories of Financial Liabilities

in € millions	Balance sheet position	6/30/2024	12/31/2023
Financial liabilities measured at amortized cost			
– profit participation capital	Profit participation capital	413	413
– bonds and promissory notes	Financial debt	4,864	4,862
– liabilities to banks	Financial debt	171	152
– other financial debt	Financial debt	198	207
– trade payables	Trade and other payables	3,946	4,367
– liabilities to participations	Trade and other payables	14	19
– payables relating to the receivables management service provided	Trade and other payables	81	71
– payables relating to sold receivables	Trade and other payables	77	45
– payables from transfer of cash and cash equivalents to financial intermediaries	Trade and other payables	–	41
– other	Trade and other payables	1,217	1,150
Primary financial liabilities measured at fair value through profit or loss	Trade and other payables	140	271
Derivative financial instruments	Trade and other payables	57	128
Continuing involvement	Trade and other payables	254	220
		11,431	11,944

The amounts recognized in the items “Payables relating to the receivables management service provided,” “Payables relating to sold receivables,” “Payables from transfer of cash and cash equivalents to financial intermediaries” and “Continuing involvement” relate to the Riverty business unit.

The principles and methods used for 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, if there are no contractual lockups.

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 applicable at the end of the reporting period. The fair value of forward exchange transactions is calculated using the average spot prices applicable 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 applicable 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 the money market funds correspond to the price quotations of the funds not directly listed on the stock exchange.

The changes in fair values from financial derivatives as of June 30, 2024, compared to December 31, 2023, are mainly attributable to currency derivatives that were concluded to hedge against exchange rate risks from intercompany financing. Reasons are, in particular, the appreciation of the US dollar against the euro as well as hedge prolongations and terminations at the respective quoted exchange rates.

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 held by venture capital organizations 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 2024.

The item "Minority stakes held by venture capital organizations" includes 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. Fund-of-fund investments held by venture capital organizations of the Bertelsmann Investments division 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 of both minority stakes and fund-of-fund investments held by venture capital organizations are recognized as other operating income or other operating expenses. As of June 30, 2024, the valuation of fund-of-fund investments held by venture capital organizations would have been €64 million (December 31, 2023: €57 million) higher excluding fungibility discounts. There were no contractual lockups for listed instruments as of June 30, 2024. As of December 31, 2023, the valuation of listed instruments would have been €23 million higher excluding fungibility discounts due to contractual lockups.

Investments reported as cash equivalents in diversified money market funds with first-class ratings, which are only subject to insignificant fluctuations in value, are also measured at fair value through profit or loss. Furthermore, receivables that were acquired by Riverty from third parties in the course of conducting its financial services and which meet the criteria for resale to financial intermediaries are assigned to this measurement category.

The market value of the 2001 profit participation certificates with a closing rate of 267.80 percent on the last day of trading in the first half of 2024 on the Frankfurt Stock Exchange was €761 million (December 31, 2023: €719 million with a rate of 253.00 percent) and, correspondingly, €22 million for the 1992 profit participation certificates with a rate of 130.00 percent (December 31, 2023: €22 million with a rate of 128.22 percent). The market values are based on level 1 of the fair value hierarchy.

On June 30, 2024, the cumulative market value of the listed bonds totaled €4,153 million (December 31, 2023: €4,178 million) with a nominal volume of €4,322 million (December 31, 2023: €4,330 million) and a carrying amount of €4,290 million (December 31, 2023: €4,289 million). The stock market prices are based on level 1 of the fair value hierarchy. On June 30, 2024, the total carrying amount of the private placements and promissory notes totaled €574 million (December 31, 2023: €574 million), and the total market value amounted to €561 million (December 31, 2023: €563 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 3.35 percent to 3.87 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 6/30/2024
Loans	–	–	37	37
Minority stakes held by venture capital organizations	90	–	1,055	1,145
Fund-of-fund investments held by venture capital organizations	–	–	157	157
Receivables relating to financial services for resale to financial intermediaries	–	–	312	312
Sundry financial receivables	–	–	1	1
Other financial assets	431	6	93	530
Cash equivalents	–	628	–	628
Primary and derivative financial assets held for trading	–	22	–	22
Derivatives with hedge relation	–	13	–	13
	521	668	1,655	2,844

Financial Assets Measured at Fair Value Based on Level 3

in € millions	Loans	Minority stakes held by venture capital organizations	Fund-of-fund investments held by venture capital organizations	Sundry financial receivables	Receivables relating to financial services for resale to financial intermediaries	Other financial assets	Total
Balance as of 1/1/2024	24	1,007	148	1	561	102	1,843
Total gain (+) or loss (-)	1	41	3	–	(2)	19	62
– in profit or loss	1	41	2	–	(2)	18	60
– in other comprehensive income	–	–	1	–	–	1	2
Purchases	17	33	11	–	313	1	375
Transfers out of level 3	–	(23)	–	–	–	(1)	(24)
Sales/settlements	(2)	(5)	(5)	–	(561)	(27)	(601)
Reclassifications and other changes	(2)	2	–	–	–	–	–
Balance as of 6/30/2024	37	1,055	157	1	312	93	1,655
Gain (+) or loss (-) for assets still held at the end of the reporting period	1	52	2	–	(2)	(2)	51

The purchases of minority stakes and fund-of-fund investments held by venture capital organizations relate exclusively to various new and follow-up investments by the Bertelsmann Investments division, in particular investments by the Bertelsmann India Investments (BII) fund, none of which was material on a stand-alone basis. The sales/settlements of these two items also relate exclusively to the Bertelsmann Investments division, none of which was material on a stand-alone basis. Transfers out of level 3 were made in the first half of 2024 mainly at Bertelsmann Investments as a result of expiring lock-up periods. There were no transfers into level 3 in the first half of 2024.

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 6/30/2024
Financial liabilities measured at fair value through profit or loss	–	–	140	140
Primary and derivative financial liabilities held for trading	–	20	–	20
Derivatives with hedge relation	–	37	–	37
	–	57	140	197

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 1/1/2024	271	271
Total gain (-) or loss (+)	11	11
– in profit or loss	6	6
– in other comprehensive income	5	5
Purchases	12	12
Settlements	(110)	(110)
Reclassifications and other changes	(44)	(44)
Balance as of 6/30/2024	140	140
Gain (-) or loss (+) from liabilities still held at the end of the reporting period	6	6

The settlements in the first half of 2024 mainly relate to liabilities from put options as part of the acquisition of further shares in Sourcebooks LLC and earn-out liabilities in connection with an acquisition by the Bertelsmann Investments division in the 2023 financial year. Reclassifications and other changes are mainly due to the non-exercise of put options. There were no transfers into or out of level 3 in the first half of 2024.

The effective portion of changes in the fair value of a cash flow hedge 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. In the first half of 2024, €-1 million (H1 2023: €-1 million) from the cash flow hedge reserve was recognized as a reduction of the initial costs of non-financial assets. Losses of €29 million relating to cash flow hedges (H1 2023: gain of €13 million) were reclassified from accumulated other comprehensive income to the income statement. These are amounts before tax. In the consolidated statement of comprehensive income, the reclassification amount is included in the item “Cash flow hedges – reclassification adjustments to profit or loss.” The reclassification to the income statement primarily affected the item “Other financial expenses” totaling €-30 million (H1 2023: “Other financial income” of €19 million and “Other financial expenses” of €-4 million). The portion remaining in accumulated other comprehensive income as of June 30, 2024, will mainly impact the income statement over the next years. Bertelsmann exercised the option not to designate the forward elements and foreign currency basis spreads as part of the hedging relationship, but to recognize them separately in equity as hedging costs for individual hedges. As of December 31, 2023, there was a minor ineffective portion of cash flow hedges as of June 30, 2024.

In the first half of 2024, the effects from fair value hedges for hedging interest rate risks led to an increase of the carrying amount of the reported financial debt in the amount of €7 million (H1 2023: increase of €3 million). The carrying amount of the hedged item (including cumulative fair value adjustments) amounted to €928 million as of the end of the reporting period (December 31, 2023: €920 million). As of December 31, 2023, there was a minor ineffective portion of fair value hedges as of June 30, 2024.

Income Taxes

The tax expense for the first half of 2024 was calculated in accordance with IAS 34 using the average annual tax rate expected for the whole of 2024, in relation to taxable earnings before taxes, which is calculated at 34.7 percent (H1 2023: 30.1 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.

Global minimum tax

The global minimum tax regime for multinational groups (Pillar II) came into force in several countries on January 1, 2024. Therefore, Bertelsmann Group may be subject to top-up tax under Pillar II legislation. Top-up tax may arise from the Group's operations in Argentina, Brazil and Malaysia due to government subsidy programs, and in Ireland, where the statutory tax rate is below 15 percent. This impact has been considered in determining the weighted average annual income tax rate for the full financial year.

Bertelsmann has applied a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and accounts for it as a current tax when it is incurred.

Additional Disclosures on Cash Flow Statement

Cash flow from financing activities includes changes in equity, financial debt, lease liabilities and dividend distributions affecting cash, and interest paid (including interest paid due to leases). The item "Change in equity" amounts to €-134 million, relates to a further increase of shares in the education company Afya and to the share increase in Sourcebooks. The increase of additional shares in Afya resulted in a liability of €168 million as of June 30, 2024, which was settled in July 2024.

The following table shows the changes in net liabilities arising from financing activities:

Changes in Net Liabilities Arising from Financing Activities

in € millions	H1 2024	H1 2023
Net liabilities arising from financing activities as of 1/1	(3,672)	(3,844)
Cash flow from operating activities	364	424
Cash flow from investing activities	(726)	(422)
Dividends and changes in equity, additional payments	(553)	(513)
Exchange rate changes and other changes in net liabilities arising from financing activities	(401)	(625)
Net liabilities arising from financing activities as of 6/30	(4,988)	(4,980)

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

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 economic challenges and related uncertainties as a result of external events, such as geopolitical tensions. 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, it was not deemed necessary 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 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 economic 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, revenues and operating result generally are expected to be higher 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 business may deviate in 2024 from historical comparisons considering the ongoing geopolitical tensions and general economic uncertainty.

The decline in revenue is mainly due to the sale of shares in the customer experience company Majorel in the financial year 2023. In addition, the headcount reduction also associated with the sale led to a reduction in personnel costs in the first half of 2024.

Goodwill and intangible assets with indefinite useful life are tested for impairment in accordance with IAS 36 annually as of December 31 and if a triggering event occurs. The key assumptions used to determine the recoverable amount for the different cash-generating units were disclosed in the consolidated financial statements as of December 31, 2023. Due to the ongoing 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.

As of June 30, 2024, Bertelsmann reviewed parameters that may indicate a decrease in the recoverable amount of cash-generating units during the first half of 2024. In particular, the current performance of cash-generating units has been compared with forecasts and market data as well as with financial parameters (discount rate and long-term growth rate) used as of December 31, 2023. This includes analyzing adherence to budget on an individual cash-generating unit level, monitoring the development of individual discount rates (WACC) and considering headroom in the latest impairment test. During impairment testing and despite the ongoing economic uncertainties, the Bertelsmann Group did not identify any triggering events for its significant goodwill-bearing cash-generating units as of June 30, 2024, with the exception of the cash-generating unit Fremantle. For this cash-generating unit, the Discounted Cash Flow (DCF) model has been updated.

The DCF model for Fremantle was based on a revised discount rate of 7.3 percent (December 31, 2023: 8.0 percent) and a long-term growth rate of 1.8 percent (December 31, 2023: 1.8 percent) resulting in a headroom of €490 million, which increased compared with December 31, 2023.

As of June 30, 2024, neither additional impairment losses nor reversals of impairment losses had to be recognized on the at-equity investment in Atresmedia.

Notes on Segment Reporting

As before, the Bertelsmann Group comprises seven operating reportable segments (RTL Group, Penguin Random House, BMG, Arvato Group, Bertelsmann Marketing Services, Bertelsmann Education Group and Bertelsmann Investments), differentiated according to the type of products and services offered and which are reported by segment managers to the Executive Board of Bertelsmann Management SE in its role as the chief operating decision-maker in accordance with IFRS 8.

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 2024	H1 2023
Operating EBITDA adjusted	1,249	1,275
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(536)	(572)
Adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items	7	9
Special items	(40)	(203)
EBIT	680	509
Financial result	(120)	(158)
Earnings before taxes	560	351
Income tax expense	(144)	(91)
Group profit or loss	416	260

Events after the Reporting Period

In July 2024, Afya acquired a 100 percent interest in Unidom Participações S.A., a group that offers university degree programs at four locations in the Brazilian state of Bahia. Through the acquisition, Afya is significantly expanding the number of government-approved medical study places. The aggregate purchase price before adjustments and deduction of net debt was around BRL660 million. The transaction will be accounted for as a business combination in accordance with IFRS 3. At the time the Condensed Interim Consolidated Financial Statements were prepared, the purchase price allocation was at a very preliminary stage. In particular, the valuations have not yet been finalized.

In July 2024, Bertelsmann renewed the syndicated credit facility ahead of schedule, which was previously due in 2026. Bertelsmann can draw down this credit facility on a revolving basis up to an amount of €1,500 million and until 2029. In addition, a €300 million floating-rate bond with a term of two years was issued in July 2024 as part of a private placement.

In August 2024 Afya entered into a loan agreement with International Finance Corporation. The credit facility of up to BRL500 million will be repaid in seven equal semi-annual installments starting in April 2027.

In August 2024, a major customer of Arvato, which had been in a restructuring process since May 2024, announced the discontinuation of its business operations in Germany by the end of 2024 and its e-commerce activities by the end of August 2024. Arvato also decided and announced in August 2024 that it will carry out necessary restructuring measures at the logistics site concerned. The implementation is expected to have a negative impact on the result in the mid double-digit million euro range in the second half of 2024.

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 26, 2024

Bertelsmann SE & Co. KGaA,
Represented by:
Bertelsmann Management SE, the general partner
Executive Board

Thomas Rabe

Carsten Coesfeld

Thomas Coesfeld

Rolf Hellermann

Immanuel Hermreck

Review Report

To Bertelsmann SE & Co. KGaA, Gütersloh

We have reviewed the Condensed Interim Consolidated Financial Statements – 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, 2024 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 27, 2024

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Wirtschaftsprüfungsgesellschaft

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www.bertelsmann.com



The Interim Report is also available in German.

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