# Consolidated Financial Statements

## Consolidated Income Statement

| in € millions | Notes | 2023 | 2022 |
|---|---|---|---|
| Revenues | 1 | 20,169 | 20,245 |
| Other operating income | 2 | 330 | 341 |
| Cost of materials | 13 | (6,420) | (6,553) |
| Royalty and license fees | | (1,551) | (1,496) |
| Personnel costs | 3 | (6,640) | (6,485) |
| Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets | 4 | (1,259) | (1,099) |
| Other operating expenses | 5 | (3,529) | (3,535) |
| Results from investments accounted for using the equity method | 11 | 67 | 6 |
| Impairment and reversals on investments accounted for using the equity method | 11 | – | (7) |
| Results from disposals of investments | | 731 | 136 |
| EBIT (earnings before interest and taxes) | | 1,899 | 1,553 |
| | | | |
| Interest income | 6 | 50 | 30 |
| Interest expenses | 6 | (187) | (140) |
| Other financial income | 7 | 47 | 73 |
| Other financial expenses | 7 | (247) | (221) |
| Financial result | | (337) | (258) |
| | | | |
| Earnings before taxes from continuing operations | | 1,563 | 1,295 |
| Income tax expense | 8 | (237) | (246) |
| Earnings after taxes from continuing operations | | 1,326 | 1,049 |
| | | | |
| Earnings after taxes from discontinued operations | | – | 3 |
| | | | |
| Group profit or loss | | 1,326 | 1,052 |
| | | | |
| attributable to: | | | |
| Bertelsmann shareholders | | | |
| Earnings from continuing operations | | 923 | 668 |
| Earnings from discontinued operations | | – | 3 |
| Earnings attributable to Bertelsmann shareholders | | 923 | 671 |
| | | | |
| Non-controlling interests | | | |
| Earnings from continuing operations | | 402 | 381 |
| Earnings from discontinued operations | | – | – |
| Earnings attributable to non-controlling interests | | 402 | 381 |

# Consolidated Statement of Comprehensive Income

| in € millions | Notes | 2023 | 2022 |
|---|---|---|---|
| Group profit or loss | | 1,326 | 1,052 |
| | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement component of defined benefit plans | | (30) | 503 |
| Changes in fair value of equity instruments | | 2 | (1) |
| Share of other comprehensive income of investments accounted for using the equity method | | (1) | 23 |
| | | | |
| **Items that will be reclassified subsequently to profit or loss when specific conditions are met** | | | |
| Exchange differences | | | |
| – changes recognized in other comprehensive income | | (141) | 13 |
| – reclassification adjustments to profit or loss | | 27 | 5 |
| Cash flow hedges | | | |
| – changes in fair value recognized in other comprehensive income | | 14 | (11) |
| – reclassification adjustments to profit or loss | | (23) | 32 |
| Share of other comprehensive income of investments accounted for using the equity method | | (2) | 33 |
| | | | |
| Other comprehensive income net of tax | 17 | (155) | 597 |
| | | | |
| Group total comprehensive income | | 1,171 | 1,649 |
| | | | |
| attributable to: | | | |
| Bertelsmann shareholders | | 777 | 1,275 |
| Non-controlling interests | | 394 | 374 |

## Consolidated Balance Sheet

| in € millions | Notes | 12/31/2023 | 12/31/2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 9 | 8,403 | 8,876 |
| Other intangible assets | 9 | 4,077 | 3,967 |
| Property, plant and equipment and right-of-use assets | 10 | 2,808 | 3,185 |
| Investments accounted for using the equity method | 11 | 549 | 621 |
| Minority stakes and other financial assets | 12 | 1,414 | 1,716 |
| Trade and other receivables | 14 | 66 | 101 |
| Other non-financial assets | 15 | 1,194 | 1,124 |
| Deferred tax assets | 8 | 969 | 812 |
| | | 19,480 | 20,402 |
| **Current assets** | | | |
| Inventories | 13 | 2,154 | 2,259 |
| Trade and other receivables | 14 | 5,356 | 5,044 |
| Other financial assets | 12 | 503 | 256 |
| Other non-financial assets | 15 | 1,322 | 1,321 |
| Current income tax receivables | | 95 | 184 |
| Cash and cash equivalents | 16 | 2,954 | 3,228 |
| | | 12,383 | 12,292 |
| Assets held for sale | | 758 | 141 |
| | | 13,142 | 12,433 |
| | | 32,622 | 32,835 |
| | | | |
| **Equity and liabilities** | | | |
| **Equity** | 17 | | |
| Subscribed capital | | 1,000 | 1,000 |
| Capital reserve | | 2,345 | 2,345 |
| Retained earnings | | 9,597 | 9,193 |
| Bertelsmann shareholders' equity | | 12,942 | 12,538 |
| Non-controlling interests | | 2,223 | 2,505 |
| | | 15,165 | 15,043 |
| **Non-current liabilities** | | | |
| Provisions for pensions and similar obligations | 18 | 700 | 710 |
| Other provisions | 19 | 227 | 156 |
| Deferred tax liabilities | 8 | 157 | 175 |
| Profit participation capital | 20 | 413 | 413 |
| Financial debt | 21 | 4,616 | 5,199 |
| Lease liabilities | 22 | 1,066 | 1,227 |
| Trade and other payables | 23 | 609 | 674 |
| Other non-financial liabilities | 23 | 392 | 385 |
| | | 8,180 | 8,939 |
| **Current liabilities** | | | |
| Other provisions | 19 | 257 | 261 |
| Financial debt | 21 | 604 | 278 |
| Lease liabilities | 22 | 268 | 311 |
| Trade and other payables | 23 | 5,702 | 5,403 |
| Other non-financial liabilities | 23 | 2,073 | 2,489 |
| Current income tax payables | | 63 | 111 |
| | | 8,967 | 8,853 |
| Liabilities related to assets held for sale | | 309 | – |
| | | 9,277 | 8,853 |
| | | 32,622 | 32,835 |

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

## Consolidated Cash Flow Statement

| in € millions | 2023 | 2022 |
|---|---|---|
| Group earnings before interest and taxes | 1,899 | 1,558 |
| Taxes paid | (314) | (339) |
| Depreciation and write-ups of non-current assets | 1,283 | 1,135 |
| Results from disposals of investments | (731) | (141) |
| Gains/losses from disposals of non-current assets | (34) | (24) |
| Change in provisions for pensions and similar obligations | (131) | (97) |
| Change in other provisions | 128 | (140) |
| Change in net working capital | (551) | (988) |
| Fair value measurement of investments | 229 | 232 |
| Interest received | 95 | 66 |
| Other effects | 43 | 120 |
| Cash flow from operating activities | 1,915 | 1,382 |
| Investments in: | | |
| – intangible assets | (456) | (586) |
| – property, plant and equipment | (441) | (450) |
| – financial assets | (179) | (372) |
| – purchase price payments for consolidated investments (net of acquired cash) | (362) | (264) |
| Disposals of subsidiaries and other business units | 488 | 197 |
| Disposals of other fixed assets | 410 | 357 |
| Cash flow from investing activities | (539) | (1,118) |
| Issues of bonds and promissory notes | – | 835 |
| Redemption of bonds and promissory notes | (146) | (1,188) |
| Redemption of other financial debt | (113) | (218) |
| Proceeds from other financial debt | 90 | 193 |
| Redemption of lease liabilities | (328) | (311) |
| Interest paid | (318) | (279) |
| Dividends to Bertelsmann shareholders | (220) | (220) |
| Dividends to non-controlling interests and payments to partners in partnerships | (276) | (293) |
| Change in equity | (139) | (187) |
| Other effects | (171) | (66) |
| Cash flow from financing activities | (1,622) | (1,734) |
| Change in cash and cash equivalents | (246) | (1,470) |
| Exchange rate changes and other changes in cash and cash equivalents | (9) | 29 |
| Cash and cash equivalents as of 1/1 | 3,228 | 4,669 |
| Cash and cash equivalents as of 12/31 | 2,974 | 3,228 |
| Less cash and cash equivalents of disposal groups | (20) | – |
| Cash and cash equivalents as of 12/31 (according to the consolidated balance sheet) | 2,954 | 3,228 |

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

## Consolidated Statement of Changes in Equity

| in € millions | Subscribed capital | Capital reserve[1] | Retained earnings: Other retained earnings | Accumulated other comprehensive income[2]: Exchange differences | Accumulated other comprehensive income[2]: Fair value reserve | Accumulated other comprehensive income[2]: Cash flow hedges | Accumulated other comprehensive income[2]: Share of other comprehensive income of investments accounted for using the equity method | Bertelsmann shareholders' equity | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance as of 1/1/2022 | 1,000 | 2,345 | 8,230 | 36 | 16 | 3 | (19) | 11,611 | 1,995 | 13,606 |
| Group profit or loss | – | – | 671 | – | – | – | – | 671 | 381 | 1,052 |
| Other comprehensive income | – | – | 471 | 65 | – | 18 | 50 | 604 | (7) | 597 |
| Group total comprehensive income | – | – | 1,142 | 65 | – | 18 | 50 | 1,275 | 374 | 1,649 |
| Dividend distributions | – | – | (220) | – | – | – | – | (220) | (284) | (504) |
| Transactions with subsidiaries that do not result in a loss of control[3] | – | – | (129) | – | – | – | – | (129) | (123) | (252) |
| Equity transactions with shareholders | – | – | (349) | – | – | – | – | (349) | (407) | (756) |
| Other changes[4] | – | – | 20 | – | (8) | (11) | – | 1 | 543 | 544 |
| Balance as of 12/31/2022 | 1,000 | 2,345 | 9,043 | 101 | 8 | 10 | 31 | 12,538 | 2,505 | 15,043 |
| | | | | | | | | | | |
| 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 | – | – | 923 | – | – | – | – | 923 | 402 | 1,326 |
| Other comprehensive income | – | – | (27) | (111) | 2 | (8) | (2) | (146) | (8) | (155) |
| Group total comprehensive income | – | – | 896 | (111) | 2 | (8) | (2) | 777 | 394 | 1,171 |
| Dividend distributions | – | – | (220) | – | – | – | – | (220) | (273) | (493) |
| Transactions with subsidiaries that do not result in a loss of control[3] | – | – | (156) | (7) | – | – | – | (163) | (69) | (231) |
| Equity transactions with shareholders | – | – | (376) | (7) | – | – | – | (383) | (342) | (725) |
| Other changes[4] | – | – | 13 | – | – | (3) | – | 10 | (334) | (324) |
| Balance as of 12/31/2023 | 1,000 | 2,345 | 9,574 | (16) | 10 | (1) | 30 | 12,942 | 2,223 | 15,165 |

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

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

2 As of December 31, 2023, €-14 million relates to assets classified as held for sale in accordance with IFRS 5 (December 31, 2022: €0 million).

3 Transactions with subsidiaries that do not result in a loss of control mainly result from put options in connection with the share increase in subsidiaries of Penguin Random House and from the further increase of shares under company law in the education company Afya. Bertelsmann increased its shareholding in Afya to 50 percent (December 31, 2022: 40 percent) through the acquisition of additional Class A shares. In the previous year, transactions with subsidiaries that do not result in a loss of control mainly result from the change in non-controlling interests with put options.

4 In the financial year 2023, the other changes in non-controlling interests mainly resulted from the disposal of the interest in Majorel, while the initial consolidation of subsidiaries of Penguin Random House has the opposite effect. The prior-year comparatives of other changes in non-controlling interests mainly resulted from the acquisition of the education company Afya.

# Notes

## Segment Information (Continuing Operations)

| in € millions | RTL Group 2023 | RTL Group 2022 | Penguin Random House 2023 | Penguin Random House 2022 | BMG 2023 | BMG 2022 | Arvato Group 2023 | Arvato Group 2022 | Bertelsmann Marketing Services 2023 | Bertelsmann Marketing Services 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues from external customers | 6,839 | 7,199 | 4,532 | 4,222 | 902 | 863 | 5,397 | 5,495 | 1,170 | 1,416 |
| Intersegment revenues | 15 | 25 | – | 1 | 3 | 3 | 79 | 69 | 147 | 156 |
| Divisional revenues | 6,854 | 7,224 | 4,532 | 4,223 | 905 | 866 | 5,476 | 5,564 | 1,317 | 1,572 |
| Operating EBITDA adjusted | 1,173 | 1,323 | 664 | 666 | 194 | 195 | 895 | 877 | 29 | 21 |
| EBITDA margin (in percent)[1] | 17.1 | 18.3 | 14.6 | 15.8 | 21.4 | 22.5 | 16.3 | 15.8 | 2.2 | 1.3 |
| Impairment (-)/reversals (+) on intangible assets, property, plant and equipment and right-of-use assets | (4) | (1) | (96) | – | (14) | – | (5) | (39) | (28) | – |
| Results from investments accounted for using the equity method | 62 | 14 | – | 4 | – | – | 9 | 8 | – | – |
| Impairment (-)/reversals (+) on investments accounted for using the equity method | – | (5) | – | – | – | – | – | (2) | – | – |
| Invested capital | 7,756 | 7,504 | 2,721 | 2,844 | 2,233 | 2,211 | 2,383 | 2,421 | (72) | 55 |

| in € millions | Bertelsmann Education Group 2023 | Bertelsmann Education Group 2022 | Bertelsmann Investments[2] 2023 | Bertelsmann Investments[2] 2022 | Total divisions 2023 | Total divisions 2022 | Corporate 2023 | Corporate 2022 | Consolidation 2023 | Consolidation 2022 | Continuing operations 2023 | Continuing operations 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenues from external customers | 876 | 622 | 430 | 410 | 20,145 | 20,227 | 24 | 18 | – | – | 20,169 | 20,245 |
| Intersegment revenues | – | – | 2 | 1 | 247 | 255 | 35 | 34 | (282) | (289) | – | – |
| Divisional revenues | 876 | 622 | 432 | 411 | 20,392 | 20,482 | 59 | 52 | (282) | (289) | 20,169 | 20,245 |
| Operating EBITDA adjusted | 283 | 192 | 21 | 37 | 3,258 | 3,311 | (134) | (120) | (6) | 1 | 3,119 | 3,192 |
| EBITDA margin (in percent)[1] | 32.3 | 30.8 | 4.9 | 8.9 | 16.0 | 16.2 | n/a | n/a | n/a | n/a | 15.5 | 15.8 |
| Impairment (-)/reversals (+) on intangible assets, property, plant and equipment and right-of-use assets | – | – | – | (1) | (147) | (41) | – | – | – | 1 | (147) | (40) |
| Results from investments accounted for using the equity method | (12) | (30) | 8 | 11 | 67 | 7 | – | – | – | (1) | 67 | 6 |
| Impairment (-)/reversals (+) on investments accounted for using the equity method | – | – | – | – | – | (7) | – | – | – | – | – | (7) |
| Invested capital | 2,536 | 2,550 | 1,388 | 1,462 | 18,944 | 19,047 | 110 | 223 | (8) | (8) | 19,046 | 19,260 |

The prior-year comparatives for Bertelsmann Marketing Services (previously Bertelsmann Printing Group), Bertelsmann Investments and Corporate have been adjusted. The Arvato division was renamed to Arvato Group. Further details on segment reporting are presented in note 27 “Segment Reporting.”

1 Operating EBITDA adjusted as a percentage of revenues.

2 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 €-219 million (previous year: €-51 million).

## Reconciliation to Operating EBITDA Adjusted (Continuing Operations)

| in € millions | 2023 | 2022 |
|---|---|---|
| EBIT from continuing operations | 1,899 | 1,553 |
| Less special items | | |
| Impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations | (18) | (7) |
| Adjustment to carrying amounts on assets held for sale | (19) | – |
| Impairment (-)/reversals (+) on other financial assets at amortized cost | (4) | (32) |
| Impairment (-)/reversals (+) on investments accounted for using the equity method | – | (7) |
| Results from disposals of investments | 731 | 136 |
| Fair value measurement of investments | (229) | (232) |
| Restructuring and other special items | (549) | (420) |
| Less amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets | (1,259) | (1,099) |
| Less adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items | 128 | 22 |
| Operating EBITDA adjusted from continuing operations | 3,119 | 3,192 |

## Information by Geographical Area (Continuing Operations)

| | Germany | | France | | United Kingdom | | Other European countries | | United States | | Other countries | | Continuing operations | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in € millions | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues from external customers | 5,786 | 6,020 | 1,894 | 1,979 | 1,294 | 1,437 | 3,983 | 4,073 | 5,107 | 4,875 | 2,105 | 1,861 | 20,169 | 20,245 |
| Non-current assets[1] | 3,551 | 3,592 | 1,269 | 1,347 | 1,542 | 1,503 | 3,090 | 3,615 | 4,042 | 4,130 | 1,793 | 1,841 | 15,288 | 16,028 |

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

## Information on Revenue Sources (Continuing Operations)

| | Own products and merchandise | | Services | | Advertising | | Rights and licenses | | Continuing operations | |
|---|---|---|---|---|---|---|---|---|---|---|
| in € millions | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues from external customers | 4,705 | 4,456 | 8,206 | 8,237 | 3,532 | 3,779 | 3,726 | 3,773 | 20,169 | 20,245 |

# General Principles

The Bertelsmann SE & Co. KGaA Consolidated Financial Statements as of December 31, 2023, were prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the related interpretations (IFRIC) of the IFRS Interpretations Committee (IFRS IC) that are applicable in the European Union (EU-IFRS). The supplementary requirements set out in section 315e of the German Commercial Code (HGB) were also met. The Consolidated Financial Statements are prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million). 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. For the sake of clarity, certain items in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet and the consolidated cash flow statement are combined. These items are disclosed and explained in greater detail in the notes.

Bertelsmann SE & Co. KGaA is a partnership limited by shares with its registered office in Gütersloh, Germany. It is entered in the commercial register of the Gütersloh Local Court (Amtsgericht) under HRB 9194. The address of the company's registered headquarters is: Carl-Bertelsmann-Strasse 270, 33335 Gütersloh.

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. In addition, Bertelsmann is active in the growth markets Brazil, India and China. The Bertelsmann divisions are RTL Group (entertainment), Penguin Random House (books), BMG (music), Arvato Group (previously Arvato; services), Bertelsmann Marketing Services (previously Bertelsmann Printing Group; direct marketing and printing activities), Bertelsmann Education Group (education) and Bertelsmann Investments (venture capital activities and Bertelsmann Next growth area). Further information on the main activities of Bertelsmann SE & Co. KGaA and its subsidiaries is presented in detail in the Combined Management Report.

## Impact of New Financial Reporting Standards

Bertelsmann applies the exception offered by the amendment to IAS 12 Income Taxes, relating to the international tax reform Pillar Two, regarding the non-recognition of deferred tax assets and liabilities related to Pillar Two income taxes. Further explanations are presented in the section "Income Taxes."

The effects of the first-time application of further new accounting standards, amendments of existing financial reporting standards of the IASB and published interpretations of the IFRS IC are not material to the Bertelsmann Group overall.

## Impact of Issued Financial Reporting Standards That Are Not Yet Effective

The Bertelsmann Group has not opted for early adoption of any additional standards, interpretations or amendments that have been issued by the IASB or the IFRS IC but are not yet mandatory. The expected impact from the issued financial reporting requirements that are not yet effective is also not material to the Bertelsmann Group.

## Impact of External Events on the Consolidated Financial Statements

Despite further adverse external events such as the ongoing geopolitical tensions in Ukraine and the conflict in the Middle East, the Bertelsmann Group's core businesses performed robustly in the financial year 2023. The economic challenges and associated uncertainties have been, from the outset, and will continue to be regularly monitored by management order to intervene at an early stage if necessary. The balance sheet effects were therefore continuously analyzed for the particularly relevant issues, which are impairment of goodwill and individual assets, leasing, royalties to authors, program rights, inventories, trade receivables, deferred tax assets, contingent losses and revenues. Due to the ongoing tense geopolitical and economic situation in Russia, the Group took measures in the Arvato Group division to close its business in this region. However, the resulting effects are immaterial for the Bertelsmann Group overall. Bertelsmann continued to be faced with high inflation and rising interest rates in the 2023 financial year. The direct and indirect effects of this development were appropriately taken into account in the accounting decisions made. Furthermore, no significant negative effects on the financial position or financial performance of the Bertelsmann Group are currently expected for the accounting areas classified as vulnerable.

The assessments are based on 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.

## Consideration of Climate Change

The preparation of Consolidated Financial Statements is based on the assumption that the various business models, products and services as well as cost structures can adapt to the consequences of advancing climate change to such an extent that climate change does not result in a significant impact on the estimates and assumptions for accounting purposes as of December 31, 2023.

# Consolidation

## Principles of Consolidation

The Bertelsmann Consolidated Financial Statements include the financial statements of the parent company and its subsidiaries, joint ventures and associates.

Subsidiaries are companies controlled by Bertelsmann SE & Co. KGaA in accordance with IFRS 10. Consolidation begins on the date on which the ability to exercise control exists and ends when Bertelsmann loses the ability to exercise control. Profit or loss and each component of total comprehensive income are attributed to the shareholders of the parent company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. In accordance with IFRS 3, business combinations are accounted for using the acquisition method. Non-controlling interests are measured at the proportionate fair value of the assets and liabilities. If the consideration transferred for the business combination or the fair values attributable to the identifiable assets and liabilities of the company acquired can only be identified preliminarily on the date of initial accounting, the business combination is accounted for using these preliminary values. Initial accounting is finalized in accordance with IFRS 3.45, taking into account the maximum one-year measurement period. Comparative information for reporting periods prior to the completion of initial accounting is presented as if it had already been completed on the acquisition date. Changes in the parent's ownership interest in a subsidiary that do not lead to a loss of control are accounted for as equity transactions. After the loss of control of a subsidiary, it is deconsolidated in accordance with the requirements of IFRS 10.25 in conjunction with IFRS 10.B98 f. Any investment retained in the former subsidiary, as well as any amounts owed by or to the former subsidiary, are accounted for in accordance with the applicable IFRSs from the date when control is lost.

Joint ventures in accordance with IFRS 11 and associates are included in the Consolidated Financial Statements using the equity method in accordance with IAS 28. Associates are companies over which Bertelsmann exercises a significant influence. This is generally the case for voting rights between 20 percent and 50 percent. Smaller shareholdings are accounted for using the equity method if there is a significant influence in accordance with IAS 28.6. When changing the accounting treatment of investments to the equity method, IFRS 3 is applied correspondingly so that the fair value of the previously held interest is used in determining the cost of the investment accounted for using the equity method on the transition date. The difference between the fair value and the carrying amount of the previously held interest is recognized in profit or loss. The portfolio of investments held by the venture capital organizations of the Bertelsmann Investments division includes, among others, investments in associates recognized at fair value through profit or loss in accordance with IAS 28.18 in conjunction with IFRS 9. When applying the equity method to an associate or a joint venture that is an investment entity, Bertelsmann, which is a non-investment entity, generally retains as investor the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

The Bertelsmann Group recognizes immaterial investments in accordance with IFRS 9.

## Scope of Consolidation

As of December 31, 2023, Bertelsmann is the majority shareholder of RTL Group, with an interest of 76.3 percent. Penguin Random House, BMG, Arvato Group, Bertelsmann Marketing Services, Bertelsmann Education Group and Bertelsmann Investments are each wholly owned by Bertelsmann. In April, the content agency Territory was transferred from Bertelsmann Investments to Bertelsmann Marketing Services with retroactive effect from January 1, 2023. Territory's recruiting and employer branding services, combined under the Embrace brand, were carved out from the agency and remain in the Bertelsmann Investments division. Further details are presented in note 27 "Segment Reporting."

## Composition of Scope of Consolidation

| | Subsidiaries | | Joint ventures[2] | | Associates[2] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 |
| RTL Group | 328 | 336 | 11 | 11 | 25 | 24 | 364 | 371 |
| Penguin Random House | 117 | 116 | – | – | – | 1 | 117 | 117 |
| BMG | 64 | 63 | – | – | – | – | 64 | 63 |
| Arvato Group | 75 | 212 | 4 | 4 | – | 2 | 79 | 218 |
| Bertelsmann Marketing Services | 43 | 34 | 1 | 1 | – | – | 44 | 35 |
| Bertelsmann Education Group | 55 | 57 | – | – | 4 | 4 | 59 | 61 |
| Bertelsmann Investments | 56 | 60 | – | – | 1 | 1 | 57 | 61 |
| Corporate[1] | 37 | 40 | – | – | – | – | 37 | 40 |
| Total | 775 | 918 | 16 | 16 | 30 | 32 | 821 | 966 |

1 Including Bertelsmann SE & Co. KGaA (previous year: additionally including a special fund).
2 The joint ventures and associates included in the table are investments accounted for using the equity method.

## Changes in Scope of Consolidation

| | Germany | France | United Kingdom | Other European countries | United States | Other countries | Total |
|---|---|---|---|---|---|---|---|
| Consolidated as of 12/31/2022 | 242 | 97 | 166 | 196 | 90 | 175 | 966 |
| Additions | 7 | 6 | 7 | 6 | 5 | 1 | 32 |
| Disposals | 34 | 26 | 9 | 44 | 3 | 61 | 177 |
| Consolidated as of 12/31/2023 | 215 | 77 | 164 | 158 | 92 | 115 | 821 |

A total of 168 (previous year: 162) 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 negligible importance for the financial position and financial performance of the Bertelsmann Group. The complete list of the Bertelsmann Group's shareholdings will be published in the "Bundesanzeiger" ("Federal Gazette") as an annex to these Consolidated Financial Statements in accordance with section 313 (2) of the German Commercial Code (HGB) and will be available at the General Meeting.

## Acquisitions and Disposals

In the financial year 2023, the cash flow from acquisition activities totaled €-362 million (previous year: €-264 million), of which €-235 million (previous year: €-215 million) related to new acquisitions during the reporting period less cash and cash equivalents acquired, €-117 million (previous year: €-49 million) related to payments in connection with acquisitions made in previous years and €-10 million (previous year: €0 million) related to an advance payment on the acquisition of the agency Milch & Zucker in the financial year 2024. The consideration transferred in accordance with IFRS 3 amounted to a total of €338 million (previous year: €612 million), taking into account contingent consideration of €27 million (previous year: €56 million). Furthermore, put options were recognized in connection with the increase of shares in Sourcebooks made by the Penguin Random House division. As of December 31, 2022, a forward in the amount of €1 million was also recognized in connection with an acquisition made by the Penguin Random House division.

In January 2023, the education company Afya, which belongs to Bertelsmann Education Group, acquired 100 percent of the shares in Sociedade Educacional e Cultural Sergipe DelRey Ltda (DelRey). DelRey comprises Centro Universitário Tiradentes Alagoas (“UNIMA”) and Faculdade Tiradentes Jaboatão dos Guararapes (“FCM Jaboatão”), two medical schools in northeastern Brazil. The consideration transferred amounted to €145 million and comprises an immediate payment of €102 million and further payments totaling €42 million in three annual installments. In addition, the consideration transferred includes a free-of-charge offer for Afya’s digital solutions to the seller’s universities until the end of 2030. The fair value of this service at the acquisition date was measured at €1 million. The purchase price allocation resulted in goodwill of €13 million, mainly reflecting synergy and networking effects. Goodwill is not tax-deductible and was allocated to the Afya cash-generating unit. In the financial year 2023, transaction-related costs amounted to €2 million and were recognized in profit or loss as other operating expenses. Since initial consolidation, DelRey has contributed €44 million to Group revenue and €11 million to Group profit or loss.

As disclosed in the interim financial statements 2023, in January 2023, Penguin Random House consummated a transaction to increase its share in Sourcebooks LLC by an additional eight percent from 45 percent to 53 percent. As a result of obtaining control, the investment, which was previously accounted for using the equity method, has been consolidated from the date of acquisition. Obtaining control led to the derecognition of the investment previously accounted for using the equity method. After the half-year closing, Penguin Random House had an opportunity to not only look at the data but get a better qualitative understanding of Sourcebooks’ business model, which is different to Penguin Random House's model. This enabled Penguin Random House to carry out a more thorough assessment to analyze the Sourcebooks business beyond looking at data, and it determined that there was a significantly higher future potential and higher profitability of the Sourcebooks business than it had previously realized. This led to a remeasurement, resulting in the fair value of the investment already held amounting to €93 million and income of €77 million. The purchase price allocation resulted in goodwill of €74 million, which is primarily attributable to the international expansion of business operations through new distribution channels and new markets outside the United States. Goodwill is not tax-deductible and was allocated to the cash-generating unit Penguin Random House. Further, in connection with the acquisition, put options on the remaining 47 percent of the shares were recognized against equity for the present value of the redemption amount. In the financial year 2023, transaction-related costs were immaterial and were recognized in profit or loss as other operating expenses. Since initial consolidation, Sourcebooks has contributed €176 million to revenue and €24 million to Group profit or loss.

In May 2023, Penguin Random House acquired the publishing assets of US nonfiction publisher Callisto Media Inc. The transaction is in the scope of IFRS 3 due to the acquisition of employees and intellectual property rights and related processes. The consideration transferred amounted to €63 million, of which €57 million was paid in cash. The earn-out consideration amounted to €6 million. In addition, a loan in the amount of €7 million was repaid in the course of the transaction. The preliminary purchase price allocation resulted in goodwill of €44 million, which is primarily attributable to cost synergies. Goodwill is tax-deductible and was allocated to the cash-generating unit Penguin Random House. In the financial year 2023, transaction-related costs amounted to €1 million and were recognized in profit or loss as other operating expenses. Since initial consolidation, Callisto has contributed €23 million to revenue and €2 million to Group profit or loss. If consolidated as of January 1, 2023, Callisto would have contributed €34 million to revenue and €-25 million to Group profit or loss.

In addition, the Bertelsmann Group made several acquisitions in the financial year 2023, none of which was material on a stand-alone basis. In total, the impact of these acquisitions on the Group's financial position and financial performance was also minor. Payments net of acquired cash and cash equivalents amounted to €-72 million; the consideration transferred in accordance with IFRS 3 for these acquisitions amounted to €110 million taking into account contingent consideration of €20 million. The other acquisitions resulted in goodwill totaling €60 million, which reflects synergy and future growth potential and is partly not tax-deductible. Transaction-related costs amounted to €1 million in the financial year 2023 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 the 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 preliminary. 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.

In accordance with IFRS 3, the fair values of the identifiable assets, liabilities and contingent liabilities acquired are measured primarily using the market price-oriented method. According to this method, assets and liabilities are measured at the prices observed in active markets. If measurement using the market price-oriented method is not feasible, as a rule the capital value-oriented method is to be applied. According to that method, the fair value of an asset or a liability corresponds to the present value of the future cash inflows or outflows (cash flows).

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 | DelRey | Sourcebooks | Callisto | Other | Total |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Other intangible assets | 129 | 72 | 18 | 37 | 256 |
| Property, plant and equipment and right-of-use assets | 16 | 2 | – | 2 | 20 |
| Other non-current assets | 1 | 2 | – | – | 4 |
| **Current assets** | | | | | |
| Inventories | – | 22 | 6 | 16 | 43 |
| Trade and other receivables | 6 | 43 | 6 | 13 | 68 |
| Other current assets | – | 7 | – | 5 | 12 |
| Cash and cash equivalents | 1 | 2 | – | 17 | 20 |
| | | | | | |
| **Liabilities** | | | | | |
| Financial debt | – | (5) | (7) | (1) | (13) |
| Lease liabilities | (12) | (1) | – | (2) | (14) |
| Other financial and non-financial liabilities | (11) | (61) | (4) | (38) | (114) |
| | | | | | |
| Net assets acquired | 131 | 81 | 19 | 49 | 281 |
| | | | | | |
| Goodwill | 13 | 74 | 44 | 60 | 192 |
| Non-controlling interests | – | (42) | – | – | (42) |
| Fair value of pre-existing interests | – | (93) | – | – | (93) |
| | | | | | |
| Consideration transferred in accordance with IFRS 3 | 145 | 20 | 63 | 110 | 338 |
| | | | | | |
| Less convertible loan | – | (20) | – | – | (20) |
| Less deferred payments | (43) | – | – | – | (43) |
| Less contingent consideration | – | – | (6) | (20) | (27) |
| Consideration paid in cash | 102 | – | 57 | 89 | 248 |
| | | | | | |
| Cash and cash equivalents acquired | (1) | (2) | – | (17) | (20) |
| Repaid financial debt | – | – | 7 | – | 7 |
| Cash outflow from acquisitions in accordance with IFRS 3 | 101 | (2) | 64 | 72 | 235 |
| | | | | | |
| Payments on prior year's acquisitions | | | | | 117 |
| Advance payments on acquisitions | | | | | 10 |
| Total cash flow from acquisition activities | | | | | 362 |

On the acquisition date, the fair value of the acquired receivables was €68 million. Of that amount, €67 million is attributable to trade receivables and €1 million to other receivables. Trade receivables were impaired in the amount of €3 million, so that the gross amount is €70 million. The other receivables are impaired only to an insignificant extent, so that the fair value corresponds to the gross amount.

Since initial consolidation, all new acquisitions made in the financial year 2023 in accordance with IFRS 3 have contributed €311 million to revenue and €39 million to Group profit or loss. If consolidated as of January 1, 2023, these would have contributed €358 million to revenue and €9 million to Group profit or loss.

In November 2022, Fremantle acquired 55 percent of 72 Films, an independent TV production company focusing on documentaries and factual entertainment. At the acquisition date, the estimated consideration transferred amounted to €51 million, of which €44 million was paid in cash. The earn-out consideration was estimated at €7 million. Also in November 2022, Fremantle acquired 51 percent of Wildstar Films, a production company focused on natural history documentaries. At the acquisition date, the estimated consideration transferred amounted to €19 million, of which €13 million was paid in cash. The earn-out consideration was estimated at €5 million and the deferred payment at €1 million. For the Bertelsmann Consolidated Financial Statements as of December 31, 2022, the purchase price allocations for both acquisitions were prepared on a provisional basis in accordance with IFRS 3. During the measurement period, the Group finalized the valuation of the intangible assets recognized on acquisition and liabilities assumed on acquisition, and thus the prior-year comparatives in the consolidated balance sheet were adjusted accordingly.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed after completion of the purchase price allocations in comparison with amounts published in the Bertelsmann Consolidated Financial Statements as of December 31, 2022:

| | 72 Films | | Wildstar Films | |
|---|---|---|---|---|
| in € millions | Published in 2022 | Restated in 2023 | Published in 2022 | Restated in 2023 |
| **Non-current assets** | | | | |
| Other intangible assets | – | 16 | – | 5 |
| Property, plant and equipment and right-of-use assets | 1 | 1 | 5 | 5 |
| Other non-current assets | 2 | – | – | – |
| **Current assets** | | | | |
| Inventories | 12 | 7 | – | – |
| Trade and other receivables | 4 | 4 | 7 | 7 |
| Other current assets | 1 | 1 | 3 | 3 |
| Cash and cash equivalents | 7 | 7 | 17 | 17 |
| | | | | |
| **Liabilities** | | | | |
| Lease liabilities | – | – | (2) | (2) |
| Other financial and non-financial liabilities | (25) | (22) | (21) | (22) |
| | | | | |
| **Net assets acquired** | 2 | 14 | 9 | 13 |
| | | | | |
| Goodwill | 50 | 49 | 14 | 18 |
| Non-controlling interests | (1) | (6) | (4) | (6) |
| | | | | |
| **Consideration transferred in accordance with IFRS 3** | 51 | 57 | 19 | 25 |

In April 2023, Bertelsmann announced its acceptance of a proposed takeover offer by the French company Teleperformance for its interest in the global customer experience company Majorel. The takeover was completed in November 2023 and Bertelsmann sold its 39.5 percent interest in Majorel to Teleperformance for €977 million. The purchase price was settled by the transfer of 2.3 million Teleperformance shares for a total of €292 million and a cash payment of €685 million. Net of transaction-related costs, the transaction resulted in an overall gain of €697 million recognized in the item “Results from disposals of investments.”

After considering cash and cash equivalents disposed of, the Bertelsmann Group recorded cash flows in the amount of €488 million (previous year: €197 million) from all disposals. The disposals resulted in a gain from deconsolidation of €715 million (previous year: €54 million), which is recognized in the item “Results from disposals of investments.” The following table shows their impact on the Bertelsmann Group’s assets and liabilities at the time of deconsolidation:

## Effects of Disposals

| in € millions | Majorel | Other | Total |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 165 | 11 | 176 |
| Other intangible assets | 35 | 14 | 50 |
| Property, plant and equipment and right-of-use assets | 331 | 3 | 334 |
| Other non-current assets | 47 | 6 | 53 |
| | | | |
| **Current assets** | | | |
| Inventories | – | 3 | 3 |
| Other current assets | 621 | 23 | 644 |
| Cash and cash equivalents | 217 | 40 | 256 |
| | | | |
| **Liabilities** | | | |
| Provisions for pensions and similar obligations | 32 | 2 | 34 |
| Financial debt | 124 | 1 | 125 |
| Lease liabilities | 141 | 2 | 143 |
| Other financial and non-financial liabilities | 471 | 54 | 525 |

## Discontinued Operations

Earnings after taxes from discontinued operations of €3 million, as presented in the financial year 2022, comprised follow-on effects related to the disposal of companies of the former Direct Group division.

## 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 12/31/2023 | Total as of 12/31/2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | 404 | 17 | 421 | – |
| Other intangible assets | 7 | 2 | 9 | – |
| Property, plant and equipment and right-of-use assets | 27 | 30 | 57 | 18 |
| Investments accounted for using the equity method | 5 | – | 5 | 123 |
| Deferred tax assets | 1 | 1 | 2 | – |
| Other non-current assets | – | 1 | 1 | – |
| **Current assets** | | | | |
| Inventories | 96 | 4 | 99 | – |
| Trade and other receivables | 118 | 26 | 144 | – |
| Other current assets | 3 | 6 | 9 | – |
| Current income tax receivables | – | 2 | 2 | – |
| Cash and cash equivalents | – | 19 | 20 | – |
| | | | | |
| Impairment on assets held for sale | – | (11) | (11) | – |
| | | | | |
| Assets held for sale | 661 | 97 | 758 | 141 |
| | | | | |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Provisions for pensions and similar obligations | – | 4 | 4 | – |
| Other provisions | 4 | – | 4 | – |
| Financial debt | – | 1 | 1 | – |
| Lease liabilities | 20 | 3 | 23 | – |
| Trade and other payables | – | 20 | 20 | – |
| Other non-current liabilities | 2 | – | 2 | – |
| **Current liabilities** | | | | |
| Other provisions | 4 | 2 | 6 | – |
| Financial debt | – | 1 | 1 | – |
| Lease liabilities | 4 | 3 | 8 | – |
| Trade and other payables | 123 | 24 | 147 | – |
| Other current liabilities | 69 | 24 | 93 | – |
| Current income tax payables | – | 1 | 1 | – |
| | | | | |
| Liabilities related to assets held for sale | 226 | 83 | 309 | – |

As of December 31, 2023, 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 total consideration amounts to €1.1 billion and will be paid upon closing. The transaction is subject to regulatory approvals and the information and consultation processes with the respective works councils. Closing is expected for mid-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 December 31, 2023, further assets classified as held for sale and related liabilities are attributable to the DDV Mediengruppe disposal group within the Bertelsmann Investments division, to the Arvato Russia disposal group within the Arvato Group division and to Alliant Mexico within the Bertelsmann Education Group division.

For disposal groups, which were measured at fair value less costs to sell, impairment losses were recognized in the amount of €19 million. These impairment losses were attributable to planned or completed disposals in the Arvato Group division. 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, 2022, the carrying amounts of the assets classified as held for sale and related liabilities were mainly attributable to the Arvato Group and Bertelsmann Marketing Services divisions.

## Foreign Currency Translation

Transactions denominated in a currency other than a subsidiary’s functional currency are recognized in the functional currency at the exchange rate applicable on the day of their initial accounting. At the end of the reporting period, monetary assets and liabilities denominated in foreign currency are revalued into the functional currency using the closing rate applicable at that time. As a rule, gains and losses from these foreign currency translations are recognized in profit or loss. Non-monetary balance sheet items in foreign currency are carried at the historical exchange rate.

The financial statements of subsidiaries, joint ventures and associates that were prepared in foreign currencies are translated into euros using the functional currency concept set out in IAS 21 before they are included in the Consolidated Financial Statements. Assets and liabilities are translated into the reporting currency at the closing rate at the end of the reporting period, while income statement items are translated at the average rate for the financial year. Foreign currency translation differences are recognized in other comprehensive income. Such differences arise from translating items in the balance sheet at a closing rate that differs from the previous closing rate, and from using the average rate for the period and the closing rate at the end of the reporting period to translate the Group profit or loss. At the time of deconsolidation of Group companies, the respective accumulated exchange differences recognized in other comprehensive income and accumulated in a separate component of equity are reclassified from equity to profit or loss. The following euro exchange rates were used for currency translation purposes for the most significant foreign currencies for the Bertelsmann Group:

## Euro Exchange Rates for Significant Foreign Currencies

| | | Average rates | | Closing rates | |
|---|---|---|---|---|---|
| Foreign currency unit per €1 | | 2023 | 2022 | 12/31/2023 | 12/31/2022 |
| Australian dollar | AUD | 1.6278 | 1.5162 | 1.6263 | 1.5693 |
| Brazilian real | BRL | 5.4024 | 5.4411 | 5.3618 | 5.6386 |
| Canadian dollar | CAD | 1.4596 | 1.3709 | 1.4642 | 1.4440 |
| Chinese renminbi | CNY | 7.6604 | 7.0920 | 7.8509 | 7.3582 |
| British pound | GBP | 0.8696 | 0.8520 | 0.8691 | 0.8869 |
| US dollar | USD | 1.0813 | 1.0530 | 1.1050 | 1.0666 |

# Accounting and Measurement Policies

## Recognition of Income and Expense

Revenues from contracts with customers are recognized in accordance with IFRS 15. Under this standard, a contract-based five-step model is used to first identify and distinguish the relevant contracts with customers. In a next step, the separate performance obligations explicitly or implicitly stipulated in the contract are identified, and the contract is examined for fixed and variable consideration in order to use this as a basis for determining the respective transaction price. In doing so, constraining estimates of variable consideration are adequately taken into account. If more than one separate performance obligation is identified in a contract, the transaction price is then allocated to the identified performance obligations using the method of relative stand-alone selling prices, which are generally determined as prices on the markets relevant for the respective customers. Revenue recognition occurs upon satisfaction of the performance obligation either at a point in time or over time, depending on the underlying business model. If necessary, the extensive principal-agent considerations presented in IFRS 15 are also adequately taken into account in analyzing the contracts.

The prioritization of the five steps depends on the design of the underlying business model. Based on the underlying revenue sources in the Bertelsmann Group, the following key aspects are taken into consideration for revenue recognition:

- Own products and merchandise: As a rule, the revenues resulting from these contracts are recognized at a point in time when control is transferred. Depending on the underlying respective terms of sale, this is generally upon delivery to the customer. Expected returns from sales of products, mainly from physical books and magazines, are shown as liabilities in the balance sheet position “Trade and other payables.” Return assets are presented in the balance sheet position “Other non-financial assets.” In individual business models at RTL Group, giveaways to customers meet the criteria of a separate performance obligation. Any giveaways to an agent are capitalized as costs to obtain a contract and are amortized over the expected term of the subscription.
- Services: Services are generally rendered over a period of time, and the revenue is recognized based on an appropriate output method or input method for measuring progress. If permissible, revenues are recognized in the amount of the invoice if this amount corresponds to the value of the performance provided. Revenue from financial services is presented separately as revenue if it results primarily from interest rate effects.
- Advertising: Advertising services are generally rendered over a period of time, and the revenue is recognized based on an appropriate output method for measuring progress. If several performance obligations are identified in an advertising contract, the transaction price is allocated on the basis of the relative stand-alone selling prices.
- Rights and licenses: The timing of revenue recognition for business models generating revenue from licenses depends on whether the license represents a right to access the intellectual property through the entire licensing period or a right to use when the license is granted. In particular, the underlying contracts are analyzed to determine whether the customer is exposed to significant changes to the intellectual property or whether the intellectual property remains in the condition defined upon entering into the contract throughout the term of the contract with regard to its content and scope. While revenues from licenses granted for a right to use are realized at the date of the transfer of control, revenues from licenses for rights to access are realized over a period of time throughout the term of the contract. The majority of licenses granted in the TV business represent a right to use the intellectual property at the date the license is granted. As a result, revenue is recognized at the point in time the license is granted to the licensee. In contrast, rights to access are used extensively in the music business, and these revenues are recognized throughout the term of the contract.

IFRS 15 stipulates some practical expedients of which the following are applied in the Bertelsmann Group:

- Costs of obtaining contracts are not capitalized if the underlying asset is amortized in no more than 12 months.
- The value of consideration is not adjusted for the effects of a material financing component if the financing component pertains to a period of no more than 12 months.
- For contracts with an original duration of not more than 12 months and for contracts for which revenue can be recognized according to the amount invoiced for simplification purposes, no disclosure of the aggregated transaction price is provided.

Payments received before satisfaction of the corresponding performance obligation are recognized as a contract liability. If contractual provisions make the invoicing of services completed to date causally dependent on the need to provide further goods or services, a contract asset is recognized. Receivables from contracts with customers are generally due in less than 12 months.

Interest income and expenses relating to financial assets measured at amortized cost are recognized on an accrual basis using the effective interest method in accordance with IFRS 9. Dividends are only recognized in profit or loss when the right to receive payment of the dividend is established. Other income is recognized when the economic benefits are probable and the amount can be measured reliably. Expenses are deferred on the basis of underlying facts or the period of time to which they relate.

### Goodwill

In accordance with IFRS 3, goodwill resulting from a business combination is initially recognized at cost, with subsequent recognition at cost less accumulated impairment losses. Goodwill is subject to impairment testing at least annually in accordance with IAS 36. In the Bertelsmann Group, goodwill is tested for impairment as outlined in the section “Impairment.”

### Other Intangible Assets

Non-current, internally generated intangible assets are capitalized at cost in accordance with IAS 38 if the corresponding requirements are met. Intangible assets acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, also in accordance with IAS 38. Intangible assets acquired as part of a business combination are initially recognized at fair value on the acquisition date in accordance with IFRS 3. Intangible assets with finite useful life are amortized on a straight-line basis over their estimated useful life. Impairment and reversals are determined by applying the requirements for impairment testing in accordance with IAS 36. As a rule, capitalized software has a useful life of between three and five years. Acquired customer relationships are amortized over a period of two to 15 years, while the amortization period for trademarks and music and publishing rights is three to 25 years. Licenses are amortized on a straight-line basis over the term of the license agreement, assumed useful life or depending on performance (based on the ratios of income from use generated in the reporting period to the estimated total income from use over the entire useful life). Intangible assets with indefinite useful life are not amortized. Instead, they are subject to at least annual impairment testing in accordance with IAS 36 and, if applicable, written down to their recoverable amount.

## Property, Plant and Equipment

Items of property, plant and equipment are accounted for in accordance with IAS 16 and carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined on a straight-line basis over the estimated useful life of the asset. In the financial year 2023, depreciation was generally based on the following useful lives:

- buildings: 10 to 50 years
- technical equipment and machinery: four to 15 years
- other equipment, fixtures, furniture and office equipment: three to 15 years

Land is not subject to depreciation.

## Impairment

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. Intangible assets with a finite useful life as well as property, plant and equipment and right-of-use assets are tested for impairment at the end of each reporting period in accordance with IAS 36 only if there are any indications of impairment. An impairment loss in accordance with IAS 36 has occurred when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal and value in use are generally determined using the discounted cash flow method, which is based on future cash flow forecasts, which are part of company forecasts. Corresponding to the consideration of the right-of-use assets recognized in the balance sheet for determining the carrying amount, the lease payments are not deducted when determining the recoverable amount. In addition, any requirements for reinvestments as regards right-of-use assets are taken into account in the model. For assets held for sale, only the fair value less costs to sell is used as a basis for comparison.

For determining the value in use, estimated future cash inflows or outflows from future restructurings or from improvement or enhancement of the cash-generating units' performance are excluded unless, as of the end of the reporting period, the cash-generating unit is committed to the restructuring and related provisions have been made. If an active market exists, the market price or, if applicable, the price in the most recent comparable transaction, is used for fair value measurement. If there is no active market, the fair value less costs of disposal is generally calculated using the discounted cash flow method. If it is not possible to allocate cash flows to assets, the relevant impairment losses are determined on the basis of cash flows attributable to the cash-generating unit to which the assets belong. Projected cash flows are based on internal estimates for three detailed planning periods. Generally, two further detailed planning periods are applied in addition. For periods beyond this detailed horizon, a perpetual annuity is recognized, taking into account individual business-specific growth rates. Discounting is generally based on the weighted average cost of capital (WACC) after tax. Specific WACCs are derived for cash-generating units with different risk profiles. The Bertelsmann Group performs sensitivity analyses on the cash-generating units, especially on those where the headroom between the recoverable amount and the carrying amount is low.

If the reasons for an impairment loss recognized in prior periods no longer exist, the impairment loss is reversed up to a maximum of the carrying amount of the respective asset if the impairment loss had not been recognized. The latter does not apply to goodwill. The impairment loss and reversals of impairment losses are both recognized immediately in profit or loss.

## Leases

Generally, for all leases with the Bertelsmann Group as a lessee, the related contractual rights and obligations are recognized on the balance sheet as a right-of-use asset and a lease liability. On the date of initial accounting, lease liabilities are recognized at the present value of the outstanding lease payments. The lease payments include fixed payments less any lease incentives due from the lessor, variable lease payments linked to an index or a rate, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the exercise is reasonably certain and penalty payments for terminating the lease, if the lease term reflects the exercise of the termination option. Variable lease payments linked to sales are recognized in profit or loss in the period when the conditions for the payments have been met. The present value is determined using maturity-, currency- and risk-specific incremental borrowing rates. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. Right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses. Cost comprises the amount of lease liabilities recognized, the initial direct costs and the lease payments made at or before the commencement date of the lease, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life or lease term. Short-term leases with a lease term of up to one year, and leases for low-value assets for which the Bertelsmann Group does not recognize right-of-use assets or lease liabilities, constitute an exception. For such leases, the payments are recognized on a straight-line basis as expenses in the income statement under “Other operating expenses.” If, in the context of sale-and-leaseback transactions, control of an underlying asset is transferred as defined in IFRS 15, the Bertelsmann Group as the seller and lessee recognizes the asset in the amount of the proportional right of use retained. The gain or loss from the sales transaction as the proportional amount of the rights transferred to the lessor is recognized through profit or loss in the item “Other operating income” or “Other operating expenses.”

## Financial Assets

In accordance with the IFRS 9 classification and measurement approach for financial assets, there are three classification categories for financial assets in the Bertelsmann Group:

- at amortized cost,
- at fair value with changes in fair value through other comprehensive income (FVOCI) and
- at fair value with changes in fair value through profit or loss (FVTPL).

The allocation to the respective classification categories is based on the following criteria:

- the entity’s business model for managing the financial assets and
- contractual cash flow characteristics of the financial asset.

Financial assets (with the exception of trade receivables without a significant financing component) are recognized initially at fair value, taking into account transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets are recognized on the settlement date of the transaction. Transaction costs of financial assets recognized at fair value through profit or loss are immediately expensed in profit or loss. Trade receivables without a significant financing component are initially recognized at their transaction price.

Subsequent measurement of financial instruments depends on the classification categories:

- At amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are measured at amortized cost. This category mainly comprises trade receivables and other financial receivables. Any gain or loss arising on derecognition and impairment losses are recognized directly in profit or loss.
- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding, are measured at fair value with changes in fair value through other comprehensive income. The Bertelsmann Group does not hold any debt instruments measured at fair value through other comprehensive income. Bertelsmann exercises the option for measurement of equity instruments at fair value through other comprehensive income mainly for individual immaterial investments. With deferred taxes taken into consideration, the gains and losses resulting from fluctuations in the fair value of these equity instruments are recognized through other comprehensive income. Gains and losses from the fair value are not reclassified to profit or loss after derecognition of the equity instruments. Dividends from such equity instruments continue to be recognized in profit or loss.
- FVTPL: Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Gains and losses resulting from fluctuations in fair value are recognized in profit or loss.

Impairment and measurement of expected credit losses:
Bertelsmann applies the expected credit loss (ECL) model in accordance with IFRS 9 for debt instruments at amortized cost and for contract assets. Accordingly, the amount of expected credit losses recognized as a loss allowance depends on the extent to which the default risk has increased since initial recognition. According to the so-called general approach, a distinction is made between the following two measurement bases:

- 12-month ECL: At initial recognition and if the default risk has not increased significantly from the initial recognition of the debt instrument, a loss allowance is recognized for expected credit losses within the next 12 months.
- Lifetime ECL: If the default risk has increased significantly, a loss allowance for expected credit losses is recognized for the entire life of the debt instrument.

Appropriate quantitative and qualitative information and analyses based on the Group's historical experience and reasonable assessments, including forward-looking information such as customer-specific information and forecasts of future economic conditions, are taken into consideration when determining the credit risk. When a financial asset is more than 30 days past due, its credit risk is assumed to have increased significantly. A default of a financial asset is assumed at the latest when the counterparty fails to make contractual payments within 90 days of when they fall due, unless reasonable and supportable information is available that justifies a different time of overdue payment. The Group assesses whether a financial asset is credit-impaired at the end of each reporting period. This is the case when one or more events that have a detrimental impact on the expected future cash flows of that financial asset have occurred. A financial asset is written off when it is no longer reasonably expected to be fully or partially recoverable.

For trade receivables and contract assets, Bertelsmann uses a simplified approach to measure expected credit losses. According to this, the loss allowance is measured using lifetime expected credit losses. For this purpose, impairment matrices based on historic bad debt losses, maturity bands and expected credit losses are prepared. The impairment matrices are created for division-specific or business unit-specific groups of receivables, each with similar default patterns. In addition, separate risk assessments are performed. Contract assets have substantially the same risk characteristics as trade receivables for the same types of contracts, so that the expected loss rates for trade receivables are also a reasonable approximation of the loss rates for contract assets.

## Measurement at Fair Value

In the case of financial assets and financial liabilities measured at fair value, the valuation technique applied depends on the respective inputs present in each case. If listed prices can be identified for identical assets on active markets, they are used for measurement (level 1). If this is not possible, the fair values of comparable market transactions are applied, and financial methods that are based on observable market data are used (level 2). If the fair values are not based on observable market data, they are identified using established financial methods or on the basis of observable prices obtained as part of the most recently implemented qualified financing rounds, taking into account the life and developmental cycle of the respective entity (level 3).

## Inventories

Inventories – including raw materials and supplies, finished goods, work in progress and merchandise – are accounted for in accordance with IAS 2 and recognized at the lower of historical cost or net realizable value at the end of the reporting period. Similar inventories are measured at average cost or using the FIFO (first-in, first-out) method. In addition, inventories include all short-term film, television and similar rights that are intended for broadcast or sale within the Group's normal operating cycle. In particular, this includes films and TV shows currently in production, co-productions and acquired broadcasting rights. The carrying amount of such items at the end of the reporting period is also the lower of historical cost or net realizable value. The consumption of film and television rights starts from the date of initial broadcast and depends on the number of planned broadcasts. The broadcast-based consumption of film and television rights is as follows:

- Free television thematic channels: Program rights are consumed on a straight-line basis over a maximum of six runs.
- Free television other channels:
  - Blockbusters, mini-series, other films, series, TV movies and (co-)productions are consumed, run by run, over a maximum of four transmissions following a degressive approach for amortization depending on the agreed total number of transmissions.
  - Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission.
  - Children's programs and cartoons are consumed over the license period on a linear basis as there is a very slow saturation and a very high number of repetitions for the target group kids (three to 13 years of age).
- Pay television channels: Program rights are consumed on a straight-line basis over the license period.

The consumption of inventories and current film and television rights, changes in inventories of work in progress and finished goods as well as own costs capitalized are recognized in the income statement in the position "Cost of materials."

## Income Taxes

In accordance with IAS 12, income taxes include both current taxes on income and deferred taxes. Current income taxes are calculated on the taxable income of the financial year and on all adjustments to taxable income of previous financial years, taking into account the tax rates applicable in each case. For the calculation of current and deferred taxes, the applicable tax laws and tax jurisdictions of the respective country in which the consolidated Group companies are registered are considered.

In accordance with IAS 12, deferred tax assets and liabilities are recognized for temporary differences between the tax base and the carrying amounts shown on the IFRS consolidated balance sheet, and for as yet unused tax loss carryforwards and tax credits. Deferred tax assets are reviewed at each balance sheet date and recognized to the extent it is probable that taxable income will be available against which the deductible temporary differences, tax loss carryforwards and tax credits can be utilized. Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred taxes are not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither earnings before taxes nor taxable income,
- temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future, and
- taxable temporary differences on initial recognition of goodwill.

The tax rates applied for computation are those expected as of the date of reversal of temporary differences and use of tax loss carryforwards or tax credits, respectively. As a rule, current and deferred taxes are recognized in profit or loss unless they relate to items recognized in other comprehensive income. In this case, current and deferred taxes are recognized in other comprehensive income.

Current and deferred income tax items are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and the tax assets and tax liabilities relate to income taxes levied by the same taxation authority.

With the publication of the law on December 27, 2023, the legislative process for the introduction of the global minimum top-up tax (Pillar Two) in Germany, the country of the parent company, is complete. The regulations apply to the Bertelsmann Group from January 1, 2024. In addition, Pillar Two legislation has been adopted in the following countries relevant to the Group and will enter into force on January 1, 2024: Austria, Belgium, Denmark, Finland, France, Hungary, Ireland, Italy, Japan (income inclusion rule only), Korea, Luxembourg, Malaysia (from January 1, 2025), the Netherlands, Norway, Romania, Sweden, Switzerland (domestic minimum top-up tax only) and the United Kingdom. As the Pillar Two legislation had not yet been effective as of December 31, 2023, the Bertelsmann Group is not currently subject to any additional tax burden. The Bertelsmann Group makes use of the exemption for the recognition of deferred taxes in connection with Pillar Two income taxes, which was subject of the amendments to IAS 12 published in May 2023.

The Bertelsmann Group is currently in the process of assessing the impact of Pillar Two once the legislation becomes effective. Based on the first indicative analysis, the effective tax rates in the following countries are below 15 percent, taking into account the transitional arrangement for the country-by-country safe harbor: Argentina, Brazil, Malaysia (due to government support programs) and Ireland (due to the local tax rate of 12.5 percent). If Pillar Two had already come effective in 2023, the expected additional tax burden based on the Consolidated Financial Statements 2023 would be around €8 million.

## Accumulated Other Comprehensive Income

Accumulated other comprehensive income includes net exchange differences and gains and losses from the fair value measurement of equity instruments with changes through other comprehensive income (IFRS 9 classification category FVOCI) and of derivatives used to hedge future cash flows (cash flow hedge) in accordance with IFRS 9.

In addition, in accordance with IAS 28.10, changes in other comprehensive income for entities accounted for using the equity method are recognized in this item. Remeasurement effects of defined benefit pension plans (actuarial gains and losses on the defined benefit obligation, differences between actual investment returns and the returns implied by the net interest cost on the plan assets, and effects of the asset ceiling) are recognized in the other retained earnings in the year in which these gains and losses are incurred as part of the reconciliation of total comprehensive income for the period in the statement of changes in equity. Deferred taxes on the aforementioned items are also recognized directly in equity.

## Provisions

Provisions for pensions and similar obligations are calculated using the projected unit credit method in accordance with IAS 19. The net interest expense included in pension expense is recognized in the financial result. Remeasurement effects of defined benefit pension plans (actuarial gains and losses on the defined benefit obligation, differences between actual investment returns and the returns implied by the net interest cost on the plan assets, and effects of the asset ceiling) are recognized immediately in equity under other comprehensive income and are not reclassified to profit or loss in a subsequent period (recycled). With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized in accordance with IAS 37. Provisions are measured in the amount of the most likely outcome. Non-current provisions are discounted. The discount rates take into account current market expectations and, if necessary in individual cases, specific risks for the liability. As a rule, income from the reversal of provisions is generally included in the income statement line item to which the provision was previously charged.

## Financial Liabilities

Trade payables and other primary financial liabilities, including profit participation certificates, are initially measured at their fair value less transaction costs. Subsequent measurement is based on amortized cost using the effective interest method, unless the financial liability is classified as initially recognized at fair value through profit or loss. Future payments related to put options issued by the Bertelsmann Group on the equity interests of subsidiaries are accounted for as a financial liability. The liability is initially recognized at the present value of the redemption amount, with a corresponding charge directly to equity. In the case of a business combination with the transfer of the risks and rewards of the non-controlling interests underlying the put option to the Bertelsmann Group, the goodwill increases by a corresponding amount upon initial recognition. Subsequent measurement of liabilities from put options is recognized in profit or loss.

## Derivative Financial Instruments

As set out in IFRS 9, all derivative financial instruments are recognized at fair value on the balance sheet. Derivative financial instruments are recognized as of the trade date of the transaction. When a contract involving a derivative is entered into, it is initially determined whether it serves to hedge a balance sheet item (fair value hedge) or to hedge future cash flows (cash flow hedge). Some derivatives do not meet the requirements set out in IFRS 9 for recognition as hedges, despite this being their economic purpose (stand-alone hedge).

Changes in the fair values of derivatives are recognized as follows:
- Fair value hedge: Changes in the fair value of these derivatives used to hedge assets or liabilities are recognized in profit or loss; the corresponding gain or loss on the change in fair value of the underlying balance sheet item is also directly included in the income statement.
- Cash flow hedge: The effective portion of the changes in the fair value of derivatives used to hedge future cash flows is recognized in other comprehensive income. Upon receiving an underlying non-financial asset or a non-financial liability, the amount is reclassified from accumulated other comprehensive income to the respective item. In other cases, the reclassification of the previously recognized gains and losses from equity to the income statement is performed when the hedged underlying transaction affects profit or loss. The ineffective portion of the changes in the fair value of the hedging instrument is recognized in profit or loss.
- Stand-alone hedge: Changes in the fair value of derivatives that do not meet the criteria for recognition as hedges are recognized in profit or loss.

No hedge of net investment in foreign operations was made in the financial year 2023.

## Share-Based Payments

Share-based payments for employees of the Bertelsmann Group include equity-settled share-based payment transactions and cash-settled share-based payment transactions. Equity-settled share-based payment transactions are granted to certain directors and senior employees in the form of share options. The options are granted at the market price on the grant date and are exercisable at that price. For share options, the fair value of the options granted is recognized as personnel costs with a corresponding increase in equity. The fair value is measured at the grant date and allocated over the vesting period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial option pricing model, taking into account the terms and conditions at which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options vesting. Share options forfeited solely due to share prices not achieving the vesting threshold are excluded. The financial liability arising under cash-settled share-based payment transactions is measured initially at fair value at grant date using an option pricing model. Until the liability is settled, its fair value shall be remeasured at the end of each reporting period and at the date of settlement, with any value changes recognized in profit or loss as personnel costs of the period.

## Non-Current Assets Held for Sale and Related Liabilities

Non-current assets or disposal groups are classified as held for sale if the associated carrying amount will be recovered principally through a sale transaction and not from continued use. These non-current assets and the associated liabilities are presented in separate balance sheet positions in accordance with IFRS 5. They are measured at the lower of the carrying amount or fair value less costs to sell. Depreciation/amortization is not recognized if a non-current asset is classified as held for sale or forms part of a disposal group that is classified as held for sale. Components of entities that fulfill the requirements of IFRS 5.32 are classified as discontinued operations and thus are carried separately in the income statement and cash flow statement. All the changes in amounts made during the reporting period that are directly connected with the sale of a discontinued operation in any preceding period are also stated in this separate category. If a component of an entity is no longer classified as held for sale, the results of this entity component that were previously carried under discontinued operations are reclassified to continuing operations for all the reporting periods shown.

## Significant Judgments, Estimates and Assumptions

The preparation of the Consolidated Financial Statements requires the use of accounting judgments, estimates and assumptions that may impact the carrying amounts of assets, liabilities, income and expenses recognized. Estimates and the underlying assumptions are reviewed on an ongoing basis. As a rule, adjustments to estimates are taken into account in the period in which the change is made and in future periods. Amounts actually realized may differ from estimated amounts. The following section presents accounting judgments, estimates and assumptions that are material in the Bertelsmann Consolidated Financial Statements for understanding the uncertainties associated with financial reporting:

**Judgments**

- Control of entities in which the Bertelsmann Group holds less than half of the voting rights: Management considers that the Bertelsmann Group has control of Groupe M6, which belongs to RTL Group, even though it holds less than 50 percent of the voting rights. RTL Group is the controlling shareholder of Groupe M6, while the balance of other holdings remains highly dispersed, and the other shareholders have not organized their interest in such a way that they intend to vote differently from the Bertelsmann Group.
- Significant influence although the Bertelsmann Group holds less than 20 percent of the equity shares in another entity: Although the Bertelsmann Group holds less than 20 percent of the equity shares of Atresmedia, management considers that the Group exercises a significant influence on Atresmedia in view of the representation of RTL Group on the Board of Directors and other governing bodies of Atresmedia.
- Leases: Some real estate lease contracts include extension or termination options. Payments from these optional periods are included in the lease liability, provided it is reasonably certain that the lease will be extended beyond the non-cancellable lease period or that a termination option will not be exercised. In assessing whether an option to extend or terminate will be exercised, management considers all facts and circumstances that are associated with an economic incentive to exercise the option or not to exercise it. These include, in particular, the amount of lease payments compared to market prices in the optional period, completed or expected leasehold improvements, and the importance of the underlying asset to the Bertelsmann Group's operations.

**Estimates and Assumptions**

- Recognition of income and expense: In the event of return rights, mostly for print products, estimates must be made with regard to the anticipated return volume, as revenues are recognized taking the anticipated returns into account. Return ratios determined using statistical methods are used to identify the anticipated returns. The transaction prices to be determined using the contract-based five-step model defined in IFRS 15 often include both fixed and variable consideration. The variable components are determined on the basis of estimates, which are made and updated in accordance with constraint conditions. Variable considerations are therefore only included to the extent that it is highly probable that revenue already recognized will not have to be reversed as soon as the uncertainty about the actual amount of the consideration no longer exists. External factors influencing the estimate, such as the long period until the value is determined, past experience and the number of performance obligations within a contract, are taken into account as far as possible. For various business models, qualitative estimates must be made as part of principal-agent considerations as to who is to be regarded as a customer of a Bertelsmann company and whether a Bertelsmann company is to be regarded as principal or agent in a transaction. Disclosures on anticipated returns are presented in note 23 “Liabilities.”
- Investments in minority stakes held by venture capital organizations: The measurement of various minority stakes held by venture capital organizations recognized at fair value (December 31, 2023: €1,007 million; December 31, 2022: €1,119 million) that are not based on prices quoted on active markets is generally based on observable prices obtained as part of the most recently implemented qualified financing rounds, taking into account the life and developmental cycle of the respective entity. Further adjustments are made for financial instruments with contractual lockups. Further explanations are presented in note 25 “Additional Disclosures on Financial Instruments.”
- Assumptions are also made for fair value measurement of other financial assets and financial liabilities. In this regard, Bertelsmann uses various financial methods that take into account the market conditions and risks in effect at the end of the respective reporting periods. The inputs to these models are taken from observable market data where possible, but where these are not available, fair value measurement is based on assumptions by management. These assumptions relate to inputs such as cash flows, discount rate, liquidity risk and default risks. If a right to early termination or repayment exists for financial debt, the determination of the remaining term takes into account whether there is actually an intention to exercise such right. Further explanations are presented in note 25 “Additional Disclosures on Financial Instruments.”
- In the case of purchase price allocations, assumptions are also made regarding the measurement of assets and liabilities assumed as part of business combinations. This applies in particular with regard to the acquired intangible assets, as measurements are based on fair value. As a rule, this is the present value of the future cash flows after taking into account the present value of the tax amortization benefit. In addition, the definition of uniform useful lives within the Group is based on management’s assumptions. General information on useful lives is presented in the sections “Other Intangible Assets” and “Property, Plant and Equipment.”
- In connection with non-current assets held for sale and related liabilities as well as the impairment tests for intangible assets, property, plant and equipment, and right-of-use assets, the determination of the fair value less costs to sell requires management judgments as it relates to estimates of proceeds of the disposal, residual obligations and direct disposal costs. The classification as assets held for sale and discontinued operations also requires management judgment.
- Trade and other receivables: Calculation of loss allowance for accounts receivable is based on historical credit loss rates for groups of financial assets with similar credit risk characteristics and on forward-looking information, including customer-specific information and forecasts of future economic conditions. Further explanations are presented in note 25 “Additional Disclosures on Financial Instruments.”

- Advance payments: Sales estimates and assumptions on future sales success are made in connection with advances paid to authors to secure exploitation rights for their publications. Disclosures on advance payments are presented in note 13 “Inventories.”
- Impairment: The management’s estimates of cash flow, on which impairment tests are based, are based on factors including assumptions of economic trends and the associated risks, the regulatory environment, the competitive environment, market share, investments, EBITDA margins and growth rates. A combination of long-term trends, industry forecasts and in-house knowledge, with special emphasis on recent experience, is used in forming the assumptions about the development of the various relevant markets in which the Bertelsmann Group operates. The relevant markets are an area highly exposed to the general economic conditions. The development of the relevant markets is just one of the key operational drivers used by the Bertelsmann Group to assess individual business models. The most important assumptions include estimated growth rates, the weighted average cost of capital and tax rates. All these different elements are variable, interrelated and difficult to isolate as the main drivers of the various business models and respective valuations. Changes to these estimates as a result of more recent information could have a material impact on the amount of the possible impairment. The growth rates applied are based on long-term real growth rates for the relevant economies, growth expectations for the relevant sectors and long-term inflation forecasts for the countries in which the cash-generating units operate. The values allocated to the key assumptions are in line with external sources of information. The figures obtained using the respective discount rates reflect the recoverable amount of the cash-generating units. Material changes in the market or competitive environment may impair the value of cash-generating units. Details on impairment testing for intangible assets (including goodwill) in the Bertelsmann Group are presented in note 9 “Intangible Assets.” In addition, in the case of sports and film rights, estimates are made with regard to anticipated revenues.
- Pension obligations: Pension obligations are measured using the projected unit credit method. Using this approach, biometric calculations, the prevailing long-term capital market interest rates and, in particular, assumptions about future salary and pension increases are taken into account. As a result of the decrease in the discount rate for measuring provisions for pensions, actuarial losses amounting to €151 million before related tax effects were recognized in the item “Remeasurement component of defined benefit plans.” Details on the assumptions made in pension accounting are presented in note 18 “Provisions for Pensions and Similar Obligations.”
- Provisions for onerous contracts and warranties are also based to a significant extent on management estimates with regard to their amount and probability of occurrence. Assessments of whether there is a present obligation, whether an outflow of resources is probable and whether it is possible to reliably determine the amount of the obligation are generally based on the expertise of in-house or third-party specialists. More recent information could change the estimates and thus impact the Group’s financial position and financial performance. The legal and regulatory environment in which Bertelsmann operates does not bear significant litigation risks. With regard to risk provisioning, a provision for potential losses from litigation is recognized when the risks of a loss are considered probable and when a reliable estimate of the anticipated financial impact is possible. For significant contingent liabilities for which the possibility of a future loss is more than remote but less than probable, the Bertelsmann Group estimates the possible loss where the Group believes that an estimate can be made. Contingent liabilities from litigation that were of subordinate significance from a Group perspective existed at the end of the reporting period. Management regularly reviews the recognition, measurement and use of provisions along with the disclosure requirements for contingent liabilities.

- Put option liabilities: Put option liabilities are measured according to an underlying fair value or are based on forecasted performance targets. The performance targets are based, for example, on a multiple of earnings, meaning that judgment is required where there are adjustments to forecasted results or to the probability of meeting each performance target. In addition, the determination of the transaction-specific discount rates for non-current put option liabilities requires judgment. Further information on put options can be found in note 23 “Liabilities.”
- Lease liabilities are recognized at the present value of the outstanding lease payments using maturity-, currency- and risk-specific incremental borrowing rates. The starting point for determining the incremental borrowing rates is risk-free, country- and maturity-specific interest rates for government bonds. These interest rates are adjusted by a specific risk premium for Bertelsmann SE & Co. KGaA as well as a lease-specific risk premium and a security discount. The lease-specific risk premium takes into account in particular that the lease contracts are not concluded by Bertelsmann SE & Co. KGaA itself, but by its subsidiaries, as well as the different payment profile of a lease contract in contrast to a bullet government bond. Further explanations on lease liabilities are presented in note 22 “Lease Liabilities.”
- The activities of the Group companies are subject to the respective applicable tax laws and pronouncements. Assumptions and estimates also form the basis for judgments regarding the ability to realize uncertain tax positions and future tax benefits that may arise from the interpretation of tax regulations. Recognition of an asset or liability from an uncertain tax position is performed in accordance with IAS 12 if payment or refund in respect of the legal uncertainty is probable. Measurement of the uncertain tax assets and tax liabilities is at its most likely amount in accordance with IFRIC 23. Deferred tax assets are only carried to the extent that it is probable that they can be utilized against future taxable profits. When assessing the probability of the ability to use deferred tax assets in the future, various factors are taken into account, including past earnings, company forecasts, tax planning strategies and loss carryforward periods. Information relating to the ability to realize tax benefits is presented in note 8 “Income Taxes.”
- Estimates and assumptions also relate to the share-based payments. The conditions of the cash-settled share-based payment transactions and the stock option plans are presented in greater detail in the section “Share-Based Payments” in note 17 “Equity.”

### Prior-Year Information

In November 2022, Fremantle acquired 55 percent of 72 Films, an independent TV production company focusing on documentaries and factual entertainment. Also in November 2022, Fremantle acquired 51 percent of Wildstar Films, a production company focused on natural history documentaries. For the Bertelsmann Consolidated Financial Statements as of December 31, 2022, the purchase price allocations for both acquisitions were prepared on a provisional basis in accordance with IFRS 3. During the measurement period in the financial year 2023, the provisional amounts recognized at the acquisition date were retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Due to the finalization of the purchase price allocation in the financial year 2023, the prior-year comparatives have been adjusted accordingly. Further explanations are presented in the section “Acquisitions and Disposals.”

# Notes to the Income Statement and the Balance Sheet

## 1 Revenues

In the financial year 2023, Group revenues of €19,760 million were generated from contracts with customers in accordance with IFRS 15 (previous year: €19,896 million). The other revenues amounting to €409 million (previous year: €349 million) not in the scope of IFRS 15 resulted almost entirely 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.

In April 2023, the content agency Territory was transferred from Bertelsmann Investments to Bertelsmann Marketing Services with retroactive effect from January 1, 2023. Territory's recruiting and employer branding services, combined under the Embrace brand, were carved out from the agency and remain in the Bertelsmann Investments division. The prior-year comparatives have been adjusted accordingly. Further details are presented in note 27 "Segment Reporting."

### Revenue from Contracts with Customers

| | 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 | 166 | 4,288 | 96 | 59 | 14 | 6 | 76 | 4,704 |
| Services | 346 | 173 | 7 | 4,930 | 1,143 | 870 | 309 | 7,777 |
| Advertising | 3,476 | – | – | – | 13 | – | 43 | 3,532 |
| Rights and licenses | 2,851 | 71 | 799 | – | – | – | 2 | 3,723 |
| | 6,839 | 4,532 | 902 | 4,988 | 1,170 | 876 | 430 | 19,736 |
| | | | | | | | | |
| **Geographical Areas** | | | | | | | | |
| Germany | 2,416 | 310 | 93 | 1,714 | 757 | 5 | 274 | 5,569 |
| France | 1,319 | 10 | 63 | 446 | 52 | – | 3 | 1,894 |
| United Kingdom | 305 | 454 | 115 | 340 | 78 | – | 2 | 1,293 |
| Other European countries | 1,607 | 372 | 100 | 1,518 | 146 | – | 24 | 3,768 |
| United States | 1,012 | 2,642 | 465 | 513 | 123 | 331 | 21 | 5,107 |
| Other countries | 179 | 743 | 65 | 457 | 14 | 540 | 106 | 2,105 |
| | 6,839 | 4,532 | 902 | 4,988 | 1,170 | 876 | 430 | 19,736 |
| | | | | | | | | |
| **Timing** | | | | | | | | |
| Point in time | 2,306 | 4,357 | 212 | 60 | 25 | 11 | 84 | 7,056 |
| Over time | 4,532 | 174 | 690 | 4,928 | 1,144 | 865 | 346 | 12,681 |
| | 6,839 | 4,532 | 902 | 4,988 | 1,170 | 876 | 430 | 19,736 |

| | | | | 2022 | | | | |
|---|---|---|---|---|---|---|---|---|
| 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 | 231 | 3,986 | 64 | 62 | 22 | 3 | 87 | 4,455 |
| Services | 347 | 168 | 3 | 5,084 | 1,373 | 619 | 277 | 7,871 |
| Advertising | 3,714 | – | – | – | 21 | – | 44 | 3,779 |
| Rights and licenses | 2,907 | 68 | 796 | – | – | – | 2 | 3,773 |
| | 7,199 | 4,222 | 863 | 5,146 | 1,416 | 622 | 410 | 19,878 |
| | | | | | | | | |
| **Geographical Areas** | | | | | | | | |
| Germany | 2,589 | 298 | 69 | 1,671 | 888 | 4 | 267 | 5,786 |
| France | 1,367 | 14 | 59 | 467 | 70 | – | 2 | 1,979 |
| United Kingdom | 317 | 450 | 105 | 464 | 98 | 1 | 2 | 1,437 |
| Other European countries | 1,696 | 371 | 104 | 1,567 | 177 | – | 26 | 3,941 |
| United States | 999 | 2,406 | 465 | 487 | 168 | 322 | 27 | 4,874 |
| Other countries | 231 | 683 | 61 | 490 | 15 | 295 | 86 | 1,861 |
| | 7,199 | 4,222 | 863 | 5,146 | 1,416 | 622 | 410 | 19,878 |
| | | | | | | | | |
| **Timing** | | | | | | | | |
| Point in time | 2,542 | 4,053 | 216 | 66 | 40 | 5 | 105 | 7,027 |
| Over time | 4,657 | 169 | 647 | 5,080 | 1,376 | 617 | 305 | 12,851 |
| | 7,199 | 4,222 | 863 | 5,146 | 1,416 | 622 | 410 | 19,878 |

1 Excluding Corporate activities.

During the reporting period, the revenues from contracts with customers comprise performance obligations satisfied at a certain point in time of €7,056 million (previous year: €7,027 million) and performance obligations satisfied over a certain period of time of €12,681 million (previous year: €12,851 million). If revenue is recognized at a point in time, the respective timing of revenue recognition is determined by the contractually agreed terms of sale. For performance obligations satisfied over time, a sufficient measure of progress is determined generally based on output methods to recognize revenue accordingly. Input methods are used to determine revenue recognition in business models for which they more accurately measure progress. Revenues amounting to €1 million (previous year: €5 million) result from performance obligations already satisfied in previous periods. Bertelsmann makes use of practical expedients set out in IFRS 15 and does not disclose any unsatisfied performance obligations for contracts with an original duration of no more than 12 months, or for contracts for which revenue can be recognized according to the amount invoiced for simplification purposes. As of December 31, 2023, Bertelsmann expects future revenues from existing long-term service level agreements of €1,595 million (previous year: €1,513 million), which will be attributable to unsatisfied (or partially unsatisfied) performance obligations as of the end of the reporting period and is expected to be recognized in the amount of €616 million (previous year: €523 million) in the next financial year and in the amount of €979 million (previous year: €990 million) in the following years.

## 2 Other Operating Income

| in € millions | 2023 | 2022 |
|---|---|---|
| Income from reimbursements | 45 | 52 |
| Income from sideline operations | 37 | 44 |
| Gains from disposals of non-current assets | 43 | 28 |
| Foreign exchange gains | – | 16 |
| Sundry operating income | 205 | 201 |
| | 330 | 341 |

The item “Sundry operating income” consists of a number of individually immaterial matters in the subsidiaries.

## 3 Personnel Costs

| in € millions | 2023 | 2022 |
|---|---|---|
| Wages and salaries | 5,338 | 5,202 |
| Statutory social security contributions | 813 | 805 |
| Expenses for pensions and similar obligations | 127 | 160 |
| Profit sharing | 74 | 63 |
| Other employee expenses | 288 | 255 |
| | 6,640 | 6,485 |

The contributions paid by the employer to state pension plans amounted to €424 million in the financial year 2023 (previous year: €420 million).

## 4 Amortization/Depreciation, Impairment and Reversals on Intangible Assets, Property, Plant and Equipment and Right-of-Use Assets

| in € millions | 2023 | 2022 |
|---|---|---|
| Amortization/depreciation, impairment and reversals on | | |
| – intangible assets | 567 | 490 |
| – property, plant and equipment and right-of-use assets | 692 | 609 |
| | 1,259 | 1,099 |

Further details on amortization/depreciation, impairment and reversals shown are presented in note 9 “Intangible Assets” and note 10 “Property, Plant and Equipment and Right-of-Use Assets.”

## 5 Other Operating Expenses

| in € millions | 2023 | 2022 |
|---|---|---|
| Administrative expenses | 1,379 | 1,338 |
| Selling and transmission expenses | 605 | 622 |
| Advertising costs | 402 | 382 |
| Loss allowances on receivables, loans and non-financial assets | 341 | 306 |
| Consulting and audit fees | 194 | 274 |
| Fair value measurement of investments | 229 | 232 |
| Fair value measurement of other receivables | 25 | – |
| Operating taxes | 101 | 91 |
| Losses on disposals of non-current assets | 9 | 4 |
| Adjustment to carrying amounts on assets held for sale | 19 | – |
| Foreign exchange losses | 2 | – |
| Sundry operating expenses | 222 | 286 |
| | 3,529 | 3,535 |

The item “Administrative expenses” includes repair and maintenance costs of €236 million (previous year: €225 million) and costs for IT services of €361 million (previous year: €339 million). In the financial year 2023, expenses from short-term leases in the amount of €40 million (previous year: €41 million) and expenses from leases for low-value assets in the amount of €19 million are also included in this item (previous year: €17 million). The item “Loss allowances on receivables, loans and non-financial assets” comprises mainly loss allowances on advance payments for royalties and licenses of the Penguin Random House division amounting to €259 million (previous year: €242 million). The item “Fair value measurement of investments” mainly comprises effects from the measurement of financial instruments held in the portfolio of the Bertelsmann Investments division. Bertelsmann Investments assigns its minority stakes and fund-of-fund investments held by venture capital organizations to the fair value through profit or loss category in accordance with IFRS 9. Further details are presented in note 12 “Minority Stakes and Other Financial Assets.”

The item “Sundry operating expenses” consists of a number of individually immaterial matters in the subsidiaries. In the financial year 2022, this item included, among others, the ”Regulatory Termination Fee” of US$200 million paid to Paramount Global.

## 6 Interest Income and Interest Expenses

| in € millions | 2023 | 2022 |
|---|---|---|
| **Interest income** | | |
| Interest income on cash and cash equivalents | 36 | 18 |
| Other interest income | 15 | 12 |
| | 50 | 30 |
| | | |
| **Interest expenses** | | |
| Interest expenses on financial debt | (173) | (129) |
| Interest expenses on interest rate derivatives | (1) | (1) |
| Other interest expenses | (13) | (10) |
| | (187) | (140) |

Interest expenses on financial debt include interest expenses calculated using the effective interest method, adjusted for the effects of derivative financial instruments entered into as hedging instruments in accordance with IFRS 9 against changes in interest rates under hedge accounting.

## 7 Other Financial Income and Expenses

| in € millions | 2023 | 2022 |
|---|---|---|
| **Other financial income** | | |
| Financial income from put/call options | – | 25 |
| Non-operating foreign exchange gains | 7 | – |
| Sundry financial income | 39 | 48 |
| | 47 | 73 |
| | | |
| **Other financial expenses** | | |
| Net interest on defined benefit plans | (18) | (17) |
| Interest expenses on lease liabilities | (59) | (47) |
| Dividend entitlement on profit participation certificates | (44) | (43) |
| Financial expenses from put/call options | (51) | – |
| Minority interests in partnerships | – | (3) |
| Non-operating foreign exchange losses | – | (48) |
| Other non-operating expenses from derivatives | (10) | (4) |
| Sundry financial expenses | (66) | (59) |
| | (247) | (221) |

To better reflect the economic content, income and expenses from non-operating foreign currency hedging transactions are offset against the results from the measurement of the economically hedged items in foreign currency, and are recognized as non-operating foreign exchange gains or losses. In the financial year 2023, the net results from these non-operating foreign currency transactions of €14 million (previous year: €131 million) were offset against the net results from hedged foreign currency transactions amounting to €-6 million (previous year: €-179 million).

## 8 Income Taxes

Income taxes, broken down into current and deferred income taxes, are as follows:

| in € millions | 2023 | 2022 |
|---|---|---|
| Earnings before income taxes (total) | 1,563 | 1,300 |
| Current income taxes from continuing operations | (375) | (332) |
| Deferred income taxes from continuing operations | 138 | 86 |
| Income taxes from continuing operations | (237) | (246) |
| Current income taxes from discontinued operations | – | – |
| Deferred income taxes from discontinued operations | – | (2) |
| Income taxes from discontinued operations | – | (2) |
| | | |
| Total income taxes | (237) | (248) |
| Net income after income taxes (total) | 1,326 | 1,052 |

Tax loss carryforwards of €257 million (previous year: €150 million) were utilized in the financial year 2023, reducing current tax expenses by €52 million (previous year: €32 million). Of the tax loss carryforwards utilized, €1 million (previous year: €1 million) was due to German corporate income tax, €1 million (previous year: €1 million) was due to German trade tax and €255 million (previous year: €148 million) was due to foreign income taxes. These amounts include €12 million (previous year: €25 million) for tax loss carryforwards for which no deferred tax assets were recognized in the past. These relate to German corporate tax of an immaterial amount (previous year: €0 million), to German trade tax of an immaterial amount (previous year: €0 million) and to foreign income taxes in the amount of €12 million (previous year: €25 million). As a result of this utilization, current tax expense decreased by €3 million (previous year: €5 million).

The recognition of previously unrecognized tax loss carryforwards, deductible temporary differences and tax credits resulted in a reduction in deferred tax expense of €88 million (previous year: €149 million). A net deferred tax expense of €1 million (previous year: €17 million) arises as a result of the write-down or reversal of historically written down deferred tax assets.

Deferred tax assets and liabilities resulted from the following items and factors:

## Deferred Taxes

| in € millions | 12/31/2023 | | | 12/31/2022 | | |
|---|---|---|---|---|---|---|
| | Assets | Equity and liabilities | Recognized in profit or loss in the financial year | Assets | Equity and liabilities | Recognized in profit or loss in the financial year |
| Goodwill | 46 | 148 | 2 | 46 | 155 | 11 |
| Other intangible assets | 102 | 383 | 30 | 108 | 408 | 24 |
| Property, plant and equipment and right-of-use assets | 67 | 339 | 25 | 72 | 396 | 11 |
| Investments accounted for using the equity method | 1 | 5 | (3) | 1 | 2 | – |
| Minority stakes and other financial assets | 11 | 57 | 14 | 11 | 75 | (36) |
| Inventories | 185 | 3 | (16) | 205 | 4 | (20) |
| Trade and other receivables | 132 | 35 | (11) | 152 | 33 | (10) |
| Other non-financial assets | 38 | 115 | (16) | 55 | 112 | (14) |
| Cash and cash equivalents | 1 | 7 | – | – | 8 | (4) |
| Provisions for pensions and similar obligations | 925 | 604 | (15) | 865 | 620 | (24) |
| Other provisions | 122 | 25 | 44 | 132 | 68 | (35) |
| Financial debt | 7 | 18 | 14 | 1 | 25 | (9) |
| Lease liabilities | 352 | 10 | (28) | 402 | 9 | (16) |
| Trade and other payables | 147 | 56 | (40) | 187 | 57 | 44 |
| Other non-financial liabilities | 20 | 16 | (4) | 21 | 11 | (13) |
| Loss carryforwards/tax credits | 478 | | 143 | 362 | | 177 |
| Total | 2,633 | 1,821 | 138 | 2,620 | 1,983 | 86 |
| Offset | (1,664) | (1,664) | | (1,808) | (1,808) | |
| Carrying amount | 969 | 157 | | 812 | 175 | |

The item “Property, plant and equipment and right-of-use assets” includes deferred tax assets of €25 million (previous year: €23 million) and deferred tax liabilities of €274 million (previous year: €336 million) in connection with right-of-use assets in accordance with IFRS 16.

No deferred tax liabilities were recognized for temporary differences in connection with investments in subsidiaries in the amount of €501 million (previous year: €656 million) as Bertelsmann can control their reversal, and it is probable that these temporary differences will not be reversed in the foreseeable future. Deferred tax assets of €591 million (previous year: €465 million) were recognized according to IAS 12.82. The recoverability of these deferred tax assets is covered through company forecasts and tax planning strategies. Current and deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria for offsetting. The term of the deferred taxes on temporary differences is mostly long-term.

Deferred tax assets in other comprehensive income amount to €355 million (previous year: €266 million).

Valuation allowances for deferred tax assets are recognized on temporary differences, tax loss carryforwards and tax credits when it is unlikely that they can be utilized in the foreseeable future. The need to recognize valuation allowances is assessed primarily based on existing deferred tax liabilities from temporary differences and projected taxable income within a planning period.

Temporary differences, tax loss carryforwards and tax credits for which no deferred taxes have been recognized can be carried forward as follows:

## Expiration

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| **Temporary differences (unlimited carryforward period)** | 140 | 106 |
| **Tax loss carryforwards** | | |
| Unlimited carryforward period | 4,956 | 5,176 |
| To be carried forward for more than 5 years | 14 | 33 |
| To be carried forward for up to 5 years | 67 | 106 |
| **Tax credits** | | |
| Unlimited carryforward period | 1 | 1 |
| To be carried forward for more than 5 years | 1 | 1 |
| To be carried forward for up to 5 years | 1 | 2 |

A reconciliation of expected tax result to actual tax result is shown in the following table:

## Reconciliation to Actual Tax Expense

| in € millions | 2023 | 2022 |
|---|---|---|
| Earnings before income taxes from continuing operations | 1,563 | 1,295 |
| Income tax rate applicable to Bertelsmann SE & Co. KGaA (in percent) | 31.20 | 31.10 |
| Expected tax expense from continuing operations | (488) | (403) |
| The tax effects of the following items led to differences between the expected and actual tax expense: | | |
| Adjustment to different national tax rates | 162 | 104 |
| Effect of changes in tax rate and tax law | 3 | 1 |
| Non-tax-deductible impairment on goodwill | (3) | (2) |
| Tax effects in respect of results from disposals of investments | 178 | 17 |
| Current income taxes for previous years | (14) | 34 |
| Deferred income taxes for previous years | 14 | (3) |
| Effects of measurements of deferred tax assets | 33 | 109 |
| Permanent differences | (112) | (73) |
| Other adjustments | (10) | (30) |
| Total of adjustments | 250 | 157 |
| Actual tax expense from continuing operations | (237) | (246) |

Effects from measurement of deferred tax assets take into account the effects from the recognition of deferred tax assets based on estimates of future taxable income derived from internal forecasts. Permanent differences mainly include effects from tax-free income and fair value measurement effects.

## Effective Income Tax Rate

| in percent | 2023 | 2022 |
|---|---|---|
| Corporate income tax including solidarity surcharge | 15.83 | 15.83 |
| Trade tax | 15.37 | 15.27 |
| Effective income tax rate | 31.20 | 31.10 |

The effective tax rate is based on the tax rate of the German Group parent entity Bertelsmann SE & Co. KGaA and includes corporate income tax, the solidarity surcharge and trade tax. In addition, the Group operates mainly in the United States with a tax rate from 21.00 percent to 25.10 percent and in France with a tax rate of 25.00 percent to 25.83 percent.

## 9 Intangible Assets

| in € millions | Goodwill | Other intangible assets: Music and film rights | Other intangible assets: Other rights and licenses | Other intangible assets: Internally generated intangible assets | Other intangible assets: Advance payments | Other intangible assets: Total | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Balance as of 1/1/2022 | 8,608 | 3,355 | 2,487 | 1,223 | 28 | 7,093 | 15,701 |
| Exchange differences | 26 | 44 | (46) | 25 | – | 23 | 49 |
| Acquisitions through business combinations | 701 | 12 | 1,014 | 28 | 1 | 1,055 | 1,756 |
| Other additions | – | 386 | 166 | 35 | 36 | 623 | 623 |
| Reductions through disposal of investments | (53) | – | (4) | (3) | – | (7) | (60) |
| Other disposals | – | (38) | (46) | (20) | – | (104) | (104) |
| Reclassifications in accordance with IFRS 5 | 44 | – | 2 | – | – | 2 | 46 |
| Reclassifications and other changes | 18 | 34 | (119) | 110 | (34) | (9) | 9 |
| Balance as of 12/31/2022 | 9,344 | 3,792 | 3,454 | 1,399 | 31 | 8,676 | 18,020 |
| Exchange differences | (61) | (38) | 17 | (18) | – | (39) | (100) |
| Acquisitions through business combinations | 192 | – | 256 | – | – | 256 | 448 |
| Other additions | – | 176 | 164 | 60 | 61 | 461 | 461 |
| Reductions through disposal of investments | (14) | – | (11) | – | – | (11) | (25) |
| Other disposals | – | (37) | (39) | (21) | – | (97) | (97) |
| Reclassifications in accordance with IFRS 5 | (624) | (6) | (146) | (2) | (3) | (157) | (781) |
| Reclassifications and other changes | 20 | 44 | (80) | 65 | (49) | (20) | – |
| Balance as of 12/31/2023 | 8,857 | 3,931 | 3,615 | 1,482 | 40 | 9,068 | 17,925 |
| **Accumulated amortization** | | | | | | | |
| Balance as of 1/1/2022 | 462 | 1,798 | 1,401 | 1,101 | – | 4,300 | 4,762 |
| Exchange differences | 4 | 11 | 15 | 28 | – | 54 | 58 |
| Amortization | – | 186 | 207 | 79 | – | 472 | 472 |
| Impairment losses | 10 | 1 | 7 | 3 | – | 11 | 21 |
| Reversals of impairment losses | – | (3) | – | – | – | (3) | (3) |
| Reductions through disposal of investments | (8) | – | (4) | (3) | – | (7) | (15) |
| Other disposals | – | (39) | (40) | (19) | – | (98) | (98) |
| Reclassifications in accordance with IFRS 5 | – | – | 2 | – | – | 2 | 2 |
| Reclassifications and other changes | – | 2 | (24) | – | – | (22) | (22) |
| Balance as of 12/31/2022 | 468 | 1,956 | 1,564 | 1,189 | – | 4,709 | 5,177 |
| Exchange differences | – | (13) | (16) | (17) | – | (46) | (46) |
| Amortization | – | 190 | 242 | 101 | – | 533 | 533 |
| Impairment losses | 18 | 14 | – | 1 | 3 | 18 | 36 |
| Reversals of impairment losses | – | (3) | – | (1) | – | (4) | (4) |
| Reductions through disposal of investments | – | – | (1) | – | – | (1) | (1) |
| Other disposals | – | (37) | (35) | (23) | – | (95) | (95) |
| Reclassifications in accordance with IFRS 5 | (32) | (6) | (101) | (2) | – | (109) | (141) |
| Reclassifications and other changes | – | (1) | (3) | (12) | 1 | (15) | (15) |
| Balance as of 12/31/2023 | 454 | 2,100 | 1,650 | 1,236 | 4 | 4,990 | 5,444 |
| Carrying amount as of 12/31/2023 | 8,403 | 1,830 | 1,963 | 247 | 37 | 4,077 | 12,480 |
| Carrying amount as of 12/31/2022 | 8,876 | 1,836 | 1,890 | 210 | 31 | 3,967 | 12,843 |

Other rights and licenses include brands and publishing rights, acquired customer relationships along with acquired software, and other licenses. In the financial year, BMG acquired music catalogs in the amount of €197 million (previous year: €380 million), €85 million of which related to various music catalogs in the United States, €62 million to various music catalogs in the United Kingdom, €29 million to various music catalogs in Germany, and €21 million to various music catalogs in other countries. Internally generated intangible assets mostly include own film and TV productions and internally generated software. In the financial year 2023, the reclassifications in accordance with IFRS 5 are mainly attributable to Majorel. As in the previous year, no intangible assets were subject to restrictions on disposal as of the end of the reporting period.

Goodwill and other intangible assets are attributable to the following cash-generating units:

### Goodwill and Other Intangible Assets with Indefinite Useful Life by Cash-Generating Units

| | Goodwill | | Other intangible assets with indefinite useful life | |
|---|---|---|---|---|
| in € millions | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 |
| **RTL Group** | 4,983 | 5,410 | 164 | 164 |
| RTL Group, Group level | 1,834 | 2,079 | – | – |
| Fremantle | 1,251 | 1,256 | – | – |
| RTL Deutschland | 1,264 | 1,269 | – | – |
| Groupe M6 | 600 | 613 | 164 | 164 |
| RTL Nederland | – | 159 | – | – |
| Other | 33 | 34 | – | – |
| **Penguin Random House** | 1,198 | 1,082 | – | – |
| **BMG** | 386 | 387 | – | – |
| **Arvato Group** | 434 | 602 | – | – |
| Riverty | 356 | 363 | – | – |
| Other | 78 | 239 | – | – |
| **Bertelsmann Marketing Services** | – | 9 | – | – |
| Book Printing Group USA (previously Print USA) | – | 9 | – | – |
| Other | – | – | – | – |
| **Bertelsmann Education Group** | 1,323 | 1,321 | – | – |
| Afya | 413 | 379 | – | – |
| Relias Learning | 904 | 936 | – | – |
| Alliant University | 6 | 6 | – | – |
| **Bertelsmann Investments** | 79 | 65 | – | – |
| Embrace | 61 | 20 | – | – |
| Other | 18 | 45 | – | – |
| | 8,403 | 8,876 | 164 | 164 |

Intangible assets with indefinite useful life primarily concern Groupe M6 trademark rights in France (€120 million; previous year: €120 million) and brands related to Gulli (€38 million; previous year: €38 million), which also belong to Groupe M6. In determining that the M6 trademark rights have an indefinite useful life, management has considered various factors such as the historical and expected longevity of the brand, the impact of possible changes in broadcasting technologies, the impact of possible evolutions of the regulatory environment in the French television industry, the current and expected audience share of the M6 channel, and management's strategy to maintain and strengthen the trademark "M6." As of December 31, 2023, based on the analysis of these factors, there is no foreseeable limit to the period of time over which the M6 brand is expected to generate cash inflows. Given their positioning, the market's awareness of the brands and their history, Gulli-related brands are considered to also have an indefinite useful life.

For the purpose of impairment testing in accordance with IAS 36, goodwill from a business combination is allocated to the cash-generating units that are expected to benefit from the synergies of the business combination. As of December 31, 2023, the market price of RTL Group S.A. shares on the Frankfurt Stock Exchange was €34.96 (previous year: €39.44). At that date, the recoverable amount for the goodwill impairment test of RTL Group recognized at Group level was based on the value in use using a discounted cash flow method (level 3), as management considered the share price of RTL Group did not fully reflect its earnings potential due to the expected growth from RTL Group's cross-media platform offerings. The value in use significantly exceeded the carrying amount.

As of December 31, 2023, the market price of Métropole Télévision shares on the Paris Stock Exchange was €12.94 (previous year: €15.35). The recoverable amount of Groupe M6 at that date was based on the value in use using a discounted cash flow method (level 3), as management considered the share price of Groupe M6 did not fully reflect its earnings potential due to the expected growth in AVOD (advertising-funded Video On Demand) offers. The value in use exceeded the carrying amount. As of December 31, 2023, the market price of Afya shares, which represent partly a class of shares other than Bertelsmann shares, on the Nasdaq was US$21.93 (previous year: US$15.62). The recoverable amount derived from the stock market price exceeded the carrying amount.

For the other cash-generating units, the recoverable amount equals the fair value, which is derived from discounted cash flows less costs of disposal and which is based on level 3 of the fair value hierarchy. Projected cash flows were based on internal estimates for three detailed planning periods and, as a rule, two further detailed planning periods were applied. For periods after this detailed horizon, a perpetual annuity was applied, taking into account individual business-specific growth rates.

The cash flow forecasts underlying the impairment testing of the individual cash-generating units bearing material goodwill are based on the following assumptions relating to the market development for the beginning of the detailed planning period: In 2024, the TV advertising markets are expected to grow moderately in the countries of the DACH region and to grow strongly in Hungary, while stable development is expected in France and the Netherlands. The streaming markets in Germany and Hungary are expected to grow strongly. The streaming markets in the Netherlands are expected to grow moderately. The book markets are expected to remain stable overall. In the relevant music market, the music publishing and recorded music market segment is expected to see strong growth. The markets for logistics, IT and financial services are predicted to show moderate growth in 2024. The German offset printing market is expected to record a strong decline, while the book printing market in North America is expected to show a slight decline. Overall, sustained moderate to strong growth is anticipated for the relevant US education markets and the Brazilian market for medical university education.

In addition, recoverable amounts based on discounted cash flows were measured using the following individual business-specific growth rates and discount rates after taxes for periods after the detailed planning period:

## Overview of Growth and Discount Rates

| | Growth rate in % for the year | | Discount rate in % for the year | |
|---|---|---|---|---|
| | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 |
| **RTL Group** | | | | |
| RTL Group, Group level[1] | 0.8 | 0.8 | 8.3 | 7.6 |
| Fremantle | 1.8 | 1.8 | 8.0 | 8.0 |
| RTL Deutschland | 0.5 | 0.5 | 8.1 | 7.4 |
| Groupe M6[2] | 0.5 | 0.0 | 8.7 | 8.2 |
| RTL Nederland | n/a | 0.5 | n/a | 7.4 |
| Other | 2.0 | 2.0 | 9.8 | 12.4 |
| **Penguin Random House** | 0.5 | 0.5 | 9.1 | 8.6 |
| **BMG** | 2.0 | 2.0 | 9.0 | 8.0 |
| **Arvato Group** | | | | |
| Riverty | 1.5 | 1.5 | 6.8 | 7.7 |
| Other | 1.0–1.5 | 1.0–1.5 | 8.7–10.9 | 8.8–10.3 |
| **Bertelsmann Marketing Services** | | | | |
| Book Printing Group USA (previously Print USA) | 0.0 | 0.0 | 7.5 | 8.1 |
| Other | 0.0 | 0.0 | 8.2 | 8.5 |
| **Bertelsmann Education Group** | | | | |
| Afya | n/a | 4.5 | n/a | 14.2 |
| Relias Learning | 2.5 | 2.5 | 8.4 | 8.2 |
| Alliant University | 2.0 | 2.0 | 8.8 | 7.7 |
| **Bertelsmann Investments** | | | | |
| Embrace | 1.5 | n/a | 8.4 | n/a |
| Other | 1.5 | 0.0–1.5 | 10.1–13.2 | 7.7–13.0 |

1 Discount rate before taxes December 31, 2023: 11.2 percent (previous year: 10.3 percent).
2 Discount rate before taxes December 31, 2023: 11.7 percent (previous year: 11.3 percent).

The key assumptions on which the development of the recoverable amount is based also include the future achievable EBITDA margin, which is derived from internally determined assumptions based on past experience, supplemented by current expectations and underpinned by external market assessments. A further increase in the margin level is assumed for the majority of cash-generating units partly due to forecast economies of scale and efficiency measures.

In the financial year 2023, an impairment loss in the amount of €18 million was recognized on goodwill (previous year: €10 million). The impairment loss is attributable to the cash-generating units Book Printing Group USA (€8 million) and Digital Marketing (€10 million), which belong to the Bertelsmann Marketing Services division. Thus, the goodwill of both cash-generating units has been fully impaired. In the previous year, the impairment loss was fully attributable to the cash-generating unit Mohn Media Group, which belongs to the Bertelsmann Marketing Services division.

The current lower market demand in the book printing business in the United States and the significantly lower finishing depth for book covers led to a recoverable amount of €55 million for the cash-generating unit Book Printing Group USA, which was below the carrying amount. The measurement of the impairment loss was based on the following assumptions: the discount rate was 7.5 percent (previous year: 8.1 percent) and the long-term growth rate was 0.0 percent (previous year: 0.0. percent). For Digital Marketing, the expected only partial compensation from new partners and other businesses for the loss of a significant existing customer led to an impairment of €10 million. The recoverable amount before payment of the reward points recognized as of December 31, 2023, amounted to €1 million. The measurement of the impairment loss was based on the following assumptions: the discount rate was 8.2 percent and the long-term growth rate was 0.0 percent. The Digital Marketing cash-generating unit was created with the reorganization of the reporting structure and the structure of the cash-generating units of the Bertelsmann Marketing Services division and therefore did not exist in a comparable way in the previous year.

Impairment losses on goodwill and other intangible assets with indefinite useful lives are recognized in the income statement under “Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets.”

For the cash-generating unit Fremantle, which belongs to the RTL Group division, the recoverable amount exceeds the carrying amount by €359 million. In the event of an increase in the discount rate by 1.1 percentage points, a decrease in the long-term growth rate by 2.0 percentage points or a decrease in the EBITDA margin by 1.1 percentage points, the recoverable amount would fall below the carrying amount.

For the cash-generating unit We Are Era, which belongs to the RTL Group division and is recognized in the item “Other,” the recoverable amount exceeds the carrying amount by €10 million. In the event of an increase in the discount rate by 1.6 percentage points, a decrease in the long-term growth rate by 2.2 percentage points or a decrease in the EBITDA margin by 0.9 percentage points, the recoverable amount would fall below the carrying amount.

For the cash-generating unit Riverty, which belongs to the Arvato Group division, the recoverable amount exceeds the carrying amount by €112 million. In the event of an increase in the discount rate by 0.6 percentage points or a decrease in the EBITDA margin by 0.8 percentage points, the recoverable amount would fall below the carrying amount.

For the goodwill to be tested at the level of the RTL Group division, the recoverable amount would fall below the carrying amount of the cash-generating unit in the event of a decrease in the EBITDA margin by 2.5 percentage points.

Other material goodwill was not subject to impairment, even given a change by one of the three most important factors: discount rate (increase of 1.0 percentage point), long-term growth rate (decrease of 1.0 percentage point) or EBITDA margin (decrease of 1.0 percentage point).

## 10 Property, Plant and Equipment and Right-of-Use Assets

Right-of-use assets from leased property, plant and equipment are capitalized in accordance with IFRS 16. The balance sheet position “Property, plant and equipment and right-of-use assets” comprises property, plant and equipment owned by the Bertelsmann Group and right-of-use assets from leased property, plant and equipment.

### Property, Plant and Equipment and Right-of-Use Assets

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Owned property, plant and equipment | 1,753 | 1,879 |
| Right-of-use assets from leased property, plant and equipment | 1,055 | 1,306 |
| | 2,808 | 3,185 |

## Property, Plant and Equipment

| in € millions | Land, rights equivalent to land and buildings | Technical equipment and machinery | Other equipment, fixtures, furniture and office equipment | Advance payments and construction in progress | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance as of 1/1/2022 | 1,667 | 2,133 | 1,439 | 118 | 5,357 |
| Exchange differences | – | 5 | (3) | (2) | – |
| Acquisitions through business combinations | 25 | 15 | 62 | 4 | 106 |
| Other additions | 39 | 81 | 179 | 173 | 472 |
| Reductions through disposal of investments | – | (1) | (4) | – | (5) |
| Other disposals | (76) | (110) | (99) | (3) | (288) |
| Reclassifications in accordance with IFRS 5 | (46) | (23) | (1) | – | (70) |
| Reclassifications and other changes | 13 | 64 | 48 | (142) | (17) |
| Balance as of 12/31/2022 | 1,622 | 2,164 | 1,621 | 148 | 5,555 |
| Exchange differences | (4) | (5) | (13) | 1 | (21) |
| Acquisitions through business combinations | – | 1 | 5 | – | 6 |
| Other additions | 30 | 76 | 178 | 142 | 426 |
| Reductions through disposal of investments | – | – | (1) | – | (1) |
| Other disposals | (81) | (327) | (112) | (1) | (521) |
| Reclassifications in accordance with IFRS 5 | (101) | (61) | (388) | (9) | (559) |
| Reclassifications and other changes | 21 | 69 | 68 | (165) | (7) |
| Balance as of 12/31/2023 | 1,487 | 1,917 | 1,358 | 116 | 4,878 |
| **Accumulated depreciation** | | | | | |
| Balance as of 1/1/2022 | 926 | 1,811 | 979 | – | 3,716 |
| Exchange differences | – | 3 | 3 | – | 6 |
| Depreciation | 50 | 84 | 158 | – | 292 |
| Impairment losses | 8 | 6 | 9 | – | 23 |
| Reversals of impairment losses | (12) | (1) | – | – | (13) |
| Reductions through disposal of investments | – | (1) | (4) | – | (5) |
| Other disposals | (68) | (112) | (92) | – | (272) |
| Reclassifications in accordance with IFRS 5 | (34) | (19) | (1) | – | (54) |
| Reclassifications and other changes | (2) | (15) | – | – | (17) |
| Balance as of 12/31/2022 | 868 | 1,756 | 1,052 | – | 3,676 |
| Exchange differences | (4) | (4) | (9) | – | (17) |
| Depreciation | 49 | 96 | 151 | – | 296 |
| Impairment losses | 1 | 13 | 6 | – | 20 |
| Reversals of impairment losses | – | (1) | (1) | – | (2) |
| Reductions through disposal of investments | – | – | (1) | – | (1) |
| Other disposals | (68) | (320) | (105) | – | (493) |
| Reclassifications in accordance with IFRS 5 | (64) | (50) | (235) | – | (349) |
| Reclassifications and other changes | (7) | (13) | 15 | – | (5) |
| Balance as of 12/31/2023 | 775 | 1,477 | 873 | – | 3,125 |
| Carrying amount as of 12/31/2023 | 712 | 440 | 485 | 116 | 1,753 |
| Carrying amount as of 12/31/2022 | 754 | 408 | 569 | 148 | 1,879 |

As of the end of the reporting period, no property, plant and equipment was subject to restrictions on disposal (previous year: €6 million). In the financial year 2023, impairment testing of cash-generating units of the Bertelsmann Marketing Services division identified imputed shortfalls. Subsequent impairment testing of property, plant and equipment amounting to €13 million (previous year: €54 million) at the individual asset level resulted in an impairment of €2 million (previous year: €2 million), which was mainly attributable to technical equipment and machinery. In the financial year 2022, a reversal of an impairment loss of €12 million resulted from the conclusion of a purchase agreement for a Prinovis business property. Impairment losses totaling €20 million were recognized for property, plant and equipment (previous year: €23 million). In the financial year 2023, the reclassifications in accordance with IFRS 5 are mainly attributable to Majorel.

## Right-of-Use Assets

The vast majority of leases concern rental properties in the RTL Group, Penguin Random House, Arvato Group and Bertelsmann Education Group divisions. In addition, leases also exist for technical equipment and machinery, vehicles and other fixtures, furniture and office equipment. The existing lease contracts have different terms and a number of property leases include extension or termination options in order to maximize operational flexibility in terms of managing the assets used in the Group's operations. Details on the corresponding lease liabilities are presented in note 22 "Lease Liabilities."

The following table shows depreciation and impairment, additions and other changes to the right-of-use assets in the financial year 2023 as well as the carrying amounts of the right-of-use assets from leased property, plant and equipment as of December 31, 2023:

## Change in Right-of-Use Assets

| in € millions | Land, rights equivalent to land and buildings | Technical equipment and machinery | Other equipment, fixtures, furniture and office equipment | Total |
|---|---|---|---|---|
| Carrying amount of leased property, plant and equipment as of 1/1/2023 | 1,279 | 4 | 23 | 1,306 |
| Additions | 194 | 3 | 18 | 215 |
| Depreciation and impairment | (364) | (3) | (13) | (380) |
| Other changes | (78) | (1) | (7) | (86) |
| Carrying amount of leased property, plant and equipment as of 12/31/2023 | 1,031 | 4 | 21 | 1,055 |

| in € millions | Land, rights equivalent to land and buildings | Technical equipment and machinery | Other equipment, fixtures, furniture and office equipment | Total |
|---|---|---|---|---|
| Carrying amount of leased property, plant and equipment as of 1/1/2022 | 1,101 | 6 | 26 | 1,133 |
| Additions | 209 | 2 | 14 | 225 |
| Depreciation and impairment | (288) | (4) | (15) | (307) |
| Other changes | 257 | – | (2) | 255 |
| Carrying amount of leased property, plant and equipment as of 12/31/2022 | 1,279 | 4 | 23 | 1,306 |

In the financial year 2023, the other changes mainly relate to disposals from the sale of Majorel and extensions of existing lease contracts. In the financial year 2022, the item mainly related to lease contracts from acquisitions and extensions of existing lease contracts.

## 11 Interests in Other Entities

## Subsidiaries with Material Non-Controlling Interests

In the Group's view, material non-controlling interests relate to RTL Group and to the education company Afya. The proportion of ownership interests held by non-controlling interests in RTL Group, based in Luxembourg, is 23.7 percent (previous year: 23.7 percent). At RTL Group itself, material non-controlling interests relate to the subsidiary Groupe M6, based in Paris, France. RTL Group has a 48.4 percent interest (previous year: 48.4 percent) in Groupe M6 (after considering treasury shares held by Groupe M6). Deviating from the interests, RTL Group holds 48.5 percent of the voting rights. Of the non-controlling interests of RTL Group, €805 million (previous year: €748 million) is attributable to Groupe M6. In addition, material non-controlling interests are attributable to the education company Afya, which has been fully consolidated since May 2022 and was previously accounted for as an associate. As of December 31, 2023, the non-controlling interests in the company, which belongs to the Bertelsmann Education Group division, amounted to 50.4 percent (previous year: 59.7 percent). As of December 31, 2022, material non-controlling interests were also attributable to the customer experience company Majorel, which was sold to the French company Teleperformance in November 2023. Further explanations are presented in the section "Acquisitions and Disposals."

## Change in Bertelsmann Shareholders' Equity

Throughout the financial year 2023, Bertelsmann (acting through Bertelsmann Education Group) continuously increased its interest in the Nasdaq-listed education company Afya to 50 percent (December 31, 2022: 40 percent). The shares were acquired via Nasdaq. The purchase price payment for the 10 percent interest amounted to €113 million. In addition, transaction-related costs with an immaterial amount were recognized directly in equity. The transaction was accounted for as an equity transaction in accordance with IFRS 10. The difference between the purchase price including the immaterial transaction-related costs and the carrying amount of the acquired non-controlling interest was recognized in Bertelsmann shareholders' equity. The transaction resulted in a reduction of the equity attributable to the Bertelsmann shareholders in the amount of €50 million and the equity attributable to the non-controlling interests in the amount of €63 million.

| in € millions | Change in Bertelsmann shareholders' equity |
|---|---|
| Carrying amount of interests acquired | 63 |
| Purchase price for non-controlling interests | (113) |
| Transaction-related costs | – |
| Decrease in Bertelsmann shareholders' equity | (50) |
| – thereof decrease in retained earnings | (44) |
| – thereof decrease in the currency translation reserve | (6) |

The following table shows summarized financial information on RTL Group and Afya (fully consolidated since May 2022), including the interests in their subsidiaries, joint ventures and associates. The information disclosed shows the amounts before intercompany eliminations.

## Financial Information for Subsidiaries with Material Non-Controlling Interests

| | RTL Group | | Afya | |
|---|---|---|---|---|
| in € millions | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 |
| Non-current assets | 7,175 | 7,449 | 1,693 | 1,497 |
| Current assets | 4,547 | 4,735 | 224 | 290 |
| Non-current liabilities | 1,708 | 1,250 | 524 | 544 |
| Current liabilities | 2,861 | 3,681 | 217 | 179 |
| Bertelsmann shareholders' equity | 5,383 | 5,499 | 782 | 653 |
| Non-controlling interests | 1,771 | 1,754 | 395 | 411 |

| in € millions | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| Revenues | 6,854 | 7,224 | 531 | 288 |
| Profit or loss | 637 | 728 | 62 | 21 |
| – thereof of non-controlling interests | 252 | 256 | 34 | 13 |
| Total comprehensive income | 600 | 862 | 115 | (76) |
| – thereof of non-controlling interests | 241 | 293 | 57 | (24) |
| | | | | |
| Dividends to non-controlling interests | 224 | 269 | 3 | 2 |
| | | | | |
| Cash flow from operating activities | 579 | 465 | 205 | 96 |
| Cash flow from investing activities | (194) | 104 | (203) | 45 |
| Cash flow from financing activities | (399) | (539) | (97) | 66 |
| Increase/(decrease) in cash and cash equivalents | (14) | 30 | (95) | 207 |

## Investments Accounted for Using the Equity Method

The investments accounted for using the equity method relate to joint ventures in the amount of €18 million (previous year: €19 million) and to associates in the amount of €531 million (previous year: €602 million).

## Investments in Joint Ventures

As of December 31, 2023, investments in 16 (previous year: 16) individually immaterial joint ventures were accounted for in the Consolidated Financial Statements. The following table shows summarized financial information on these joint ventures. The information given represents in each case the Bertelsmann Group’s interest.

### Financial Information on Individually Immaterial Joint Ventures

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Non-current assets | 19 | 26 |
| Current assets | 60 | 82 |
| Non-current liabilities | 7 | 8 |
| Current liabilities | 60 | 93 |

| in € millions | 2023 | 2022 |
|---|---|---|
| Earnings after taxes from continuing operations | 12 | (11) |
| Earnings after taxes from discontinued operations | – | – |
| Other comprehensive income | – | 1 |
| Total comprehensive income | 12 | (10) |

## Investments in Associates

As of December 31, 2023, investments in 30 (previous year: 32) associates were accounted for in the Consolidated Financial Statements. As in the previous year, the investment of RTL Group in Atresmedia, based in San Sebastián de los Reyes, Spain, is individually material for the Group. As of December 31, 2023, the ownership interest of RTL Group in Atresmedia was 18.7 percent (previous year: 18.7 percent). As of December 31, 2023, the stock market value of Atresmedia, which is listed on the Madrid Stock Exchange, amounted to €811 million (previous year: €721 million) with a share price of €3.59 (December 31, 2022: €3.19). As of December 31, 2023, the fair value less costs of disposal amounted to €149 million (previous year: €132 million), which is assigned to level 1 fair value measurement.

As of December 31, 2023, the investment in Atresmedia was tested for impairment in accordance with IAS 36. The recoverable amount of Atresmedia on December 31, 2023 was based on the value in use determined using a discounted cash flow model, as management considered the share price of Atresmedia did not fully reflect its earning potential, which includes the diversification strategy through expansion of its investment portfolio, strengthening its digital streaming offers and building its leading position in locally relevant content production. The ongoing challenging economic environment in Spain combined with strong competition and changing viewing preferences and continued dependence on linear television still leads to high uncertainty in terms of forecasts. As of December 31, 2023, neither an additional impairment loss nor a reversal of an impairment loss had to be recognized on the at-equity investment in Atresmedia. The value in use was measured on the basis of the following assumptions: a discount rate after tax of 9.8 percent (December 31, 2022: 10.0 percent) and a long-term growth rate of 0.0 percent (December 31, 2022: 0.0 percent). In the event of an increase in the discount rate by 0.9 percentage points, a decrease in the long-term growth rate of 1.3 percentage points or a decrease in the EBITDA margin of 0.8 percentage points, the recoverable amount would fall below the carrying amount. The discount rate before taxes was 13.4 percent (December 31, 2022: 13.7 percent).

The following table shows summarized financial information for Atresmedia. The information presented represents the amounts included in the financial statements of Atresmedia plus adjustments for using the equity method, and not the Bertelsmann Group's share of these amounts.

## Financial Information on Individually Material Associates

| | Atresmedia | |
|---|---|---|
| in € millions | 12/31/2023 | 12/31/2022 |
| Non-current assets | 702 | 686 |
| Current assets | 762 | 825 |
| Non-current liabilities | 267 | 295 |
| Current liabilities | 437 | 529 |
| Equity | 760 | 687 |

| in € millions | 2023 | 2022 |
|---|---|---|
| Revenues | 970 | 951 |
| Earnings after taxes from continuing operations | 171 | 112 |
| Earnings after taxes from discontinued operations | – | – |
| Other comprehensive income | (8) | 127 |
| Total comprehensive income | 163 | 239 |
| Dividends received from the associate | 17 | 18 |

The reconciliation of the summarized financial information shown to the carrying amount of the interest in Atresmedia in the Consolidated Financial Statements is shown in the following table:

## Reconciliation to Carrying Amount

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Equity | 760 | 687 |
| Proportionate equity | 142 | 128 |
| Goodwill | 166 | 166 |
| Impairment on investments accounted for using the equity method | (110) | (110) |
| Carrying amount | 198 | 184 |

The following table shows summarized financial information on associates that management considers individually immaterial. The information given represents in each case the Bertelsmann Group's interest.

## Financial Information on Individually Immaterial Associates

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Non-current assets | 388 | 450 |
| Current assets | 137 | 199 |
| Non-current liabilities | 70 | 88 |
| Current liabilities | 133 | 155 |

| in € millions | 2023 | 2022 |
|---|---|---|
| Earnings after taxes from continuing operations | 23 | (4) |
| Earnings after taxes from discontinued operations | – | – |
| Other comprehensive income | – | 30 |
| Total comprehensive income | 23 | 26 |

The total carrying amount of the investments in all individually immaterial associates amounts to €333 million (previous year: €418 million) as of December 31, 2023. Of that amount, €82 million (previous year: €162 million) is attributable to the three University Venture Funds, which invest in high-growth companies in the education sector. Bertelsmann holds between 47.3 percent and 100.0 percent of the shares in these funds. As operational management and investment decisions in particular are the responsibilities of the respective fund managers, there is significant influence, but control as defined by IFRS 10 does not exist despite an ownership interest of over 50 percent in some cases.

In January 2023, Global Savings Group (GSG), an at-equity investment held by Groupe M6, completed the acquisition of Pepper.com. The transaction resulted in a dilution of Groupe M6's investment in GSG from 41.49 percent as of December 31, 2022, to 31.47 percent as of December 31, 2023. The positive impact on Group profit or loss amounted to €15 million in 2023 and was recognized under "Results from disposals of investments" in the consolidated income statement.

### Results from Investments Accounted for Using the Equity Method

| in € millions | 2023 | 2022 |
|---|---|---|
| Income from investments accounted for using the equity method | 87 | 75 |
| – joint ventures | 13 | 10 |
| – associates | 74 | 65 |
| Expenses from investments accounted for using the equity method | (20) | (69) |
| – joint ventures | (2) | (21) |
| – associates | (18) | (48) |
| Results from investments accounted for using the equity method | 67 | 6 |
| – joint ventures | 12 | (11) |
| – associates | 55 | 17 |

In the financial year 2023, dividends received from investments accounted for using the equity method amounted to €115 million (previous year: €78 million).

## 12 Minority Stakes and Other Financial Assets

| | Current | | Non-current | |
|---|---|---|---|---|
| in € millions | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 |
| Loans | 31 | 50 | 22 | 25 |
| Minority stakes held by venture capital organizations | 15 | 16 | 1,060 | 1,181 |
| Fund-of-fund investments held by venture capital organizations | – | – | 148 | 150 |
| Financial instruments of the consolidated special fund | – | – | – | 125 |
| Other financial assets | 414 | 134 | 155 | 215 |
| Derivative financial instruments | 43 | 56 | 29 | 20 |
| | 503 | 256 | 1,414 | 1,716 |

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 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 expenses in the item "Fair value measurement of investments." The changes in carrying amounts recognized in profit or loss of the financial instruments held by the Bertelsmann Investments division in the venture capital organizations amounted to €-209 million in the financial year 2023 (previous year: €-48 million).

A substantial share of the portfolio shown in the item “Financial instruments of the consolidated special fund” as of December 31, 2022, was invested in instruments with a very high credit rating.

Bertelsmann exercises the option granted by IFRS 9 to measure equity instruments at fair value through other comprehensive income mainly for individually immaterial investments and investments in affiliates and recognizes these investments in “Other financial assets.” RTL Group's minority stake in Magnite in the amount of €95 million (previous year: €123 million) and the minority stake in Teleperformance in the amount of €304 million, both measured at fair value through profit or loss, are also included in this item. The listed Teleperformance shares, which Bertelsmann received in the financial year 2023 as part of the non-cash consideration from the sale of Majorel, are classified as level 1, as are the Magnite shares.

As in the previous year, no other financial assets were subject to restrictions on disposal as of the end of the reporting period.

## 13 Inventories

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Program rights | 1,430 | 1,404 |
| Raw materials and supplies | 96 | 153 |
| Work in progress | 109 | 116 |
| Finished goods and merchandise | 385 | 416 |
| Advance payments | 134 | 170 |
| | 2,154 | 2,259 |

In the financial year 2023, write-downs on inventories were recognized in the amount of €-73 million (previous year: €-103 million). In addition, reversals of write-downs on inventories were recognized in the amount of €124 million (previous year: €73 million). As in the previous year, no inventories were subject to restrictions on disposal as of the end of the reporting period.

In the financial year 2023, the broadcast-based consumption of program rights recognized in profit or loss amounted to €2,818 million (previous year: €2,904 million). Expenses for raw materials and supplies amounting to €754 million (previous year: €927 million) were recognized, and the cost for merchandise amounted to €75 million (previous year: €91 million). Changes in inventories of work in progress and finished goods amounted to €166 million (previous year: €37 million). In addition, other own costs capitalized of €72 million (previous year: €104 million) were recognized.

## 14 Trade and Other Receivables

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| **Non-current** | | |
| Trade receivables | 30 | 38 |
| Contract assets | 5 | 1 |
| Other receivables | 32 | 62 |
| | | |
| **Current** | | |
| Trade receivables | 3,466 | 3,966 |
| Contract assets | 25 | 23 |
| Receivables from participations | 23 | 20 |
| Other receivables | 1,842 | 1,035 |

Trade receivables are due for payment generally within 12 months. The item “Contract assets” covers the conditional right to consideration for completely satisfied performance obligations in accordance with IFRS 15. As of January 1, 2022, this item amounted to €28 million. The item “Other receivables” includes, among other things, receivables of €1,308 million (previous year: €493 million) from the Riverty business unit, which were recognized in relation to the receivables management service provided. In addition, the item comprises receivables in the amount of €318 million (previous year: €282 million), relating to accounts receivables sold, which are acquired by Riverty from third parties in the course of conducting its financial services and then resold. As of the end of the reporting period, trade and other receivables totaling €9 million (previous year: €16 million) were subject to restrictions on disposal.

## 15 Other Non-Financial Assets

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| **Non-current** | | |
| Other non-financial assets | 1,194 | 1,124 |
| | | |
| **Current** | | |
| Other non-financial assets | 1,322 | 1,321 |
| – advance payments | 605 | 619 |
| – deferred items | 230 | 233 |
| – other tax receivables | 138 | 155 |
| – sundry non-financial assets | 349 | 314 |

The non-current other non-financial assets relate to advance payments for royalties and licenses in the amount of €984 million (previous year: €950 million). Loss allowances are generally recognized for advance payments for royalties and licenses if no recoupment is expected. The amount of these allowances is based on management estimates of future sales volumes and price changes using historical data. Costs for obtaining and fulfilling contracts with customers are recognized and are immaterial, both individually and in total. The same applies to the amount of amortization and impairment losses recognized for these costs.

## 16 Cash and Cash Equivalents

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Bank balances and cash on hand | 1,115 | 1,583 |
| Cash equivalents | 1,840 | 1,645 |
| | 2,954 | 3,228 |

Cash equivalents include short-term, highly liquid securities with a term to maturity on acquisition of not more than three months. Furthermore, this item includes short-term investments in diversified money market funds with very good ratings, which are measured at fair value through profit or loss and are subject to only insignificant fluctuations in value. As of the end of the reporting period, cash and cash equivalents in the amount of €133 million were subject to restrictions on disposal (previous year: €145 million). Thereof, €129 million mainly relates to payments received as part of Riverty's receivables management service provided (previous year: €121 million). A further €4 million (previous year: €24 million) with restrictions on disposal relates to numerous immaterial items.

## 17 Equity

### Subscribed Capital

| Number of shares | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Ordinary shares | 83,760 | 83,760 |
| Total shares | 83,760 | 83,760 |

Compared with the previous year, the subscribed capital of Bertelsmann SE & Co. KGaA remained unchanged at €1,000 million and comprises 83,760 registered shares (ordinary shares). 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).

In the financial year 2023, a dividend amounting to €220 million was distributed to the shareholders (previous year: €220 million). The dividend per ordinary share amounted to €2,627 (previous year: €2,627).

The change in other comprehensive income after taxes is derived as follows:

### Changes to Components of Other Comprehensive Income after Taxes

| in € millions | 2023 | | | | |
|---|---|---|---|---|---|
| | Before-tax amount | Taxes | Net-of-tax amount | Attributable to Bertelsmann shareholders | Attributable to non-controlling interests |
| **Items that will not be reclassified subsequently to profit or loss** | | | | | |
| Remeasurement component of defined benefit plans | (117) | 87 | (30) | (27) | (3) |
| Changes in fair value of equity instruments | 3 | (1) | 2 | 2 | – |
| Share of other comprehensive income of investments accounted for using the equity method | (1) | – | (1) | (1) | – |
| | | | | | |
| **Items that will be reclassified subsequently to profit or loss when specific conditions are met** | | | | | |
| Exchange differences | (114) | – | (114) | (111) | (4) |
| Cash flow hedges | (14) | 5 | (9) | (8) | (1) |
| Share of other comprehensive income of investments accounted for using the equity method | (2) | – | (2) | (2) | (1) |
| Other comprehensive income net of tax | (246) | 91 | (155) | (146) | (8) |

| in € millions | 2022 | | | | |
|---|---|---|---|---|---|
| | Before-tax amount | Taxes | Net-of-tax amount | Attributable to Bertelsmann shareholders | Attributable to non-controlling interests |
| **Items that will not be reclassified subsequently to profit or loss** | | | | | |
| Remeasurement component of defined benefit plans | 764 | (261) | 503 | 471 | 32 |
| Changes in fair value of equity instruments | (3) | 2 | (1) | – | (1) |
| Share of other comprehensive income of investments accounted for using the equity method | 23 | – | 23 | 18 | 5 |
| | | | | | |
| **Items that will be reclassified subsequently to profit or loss when specific conditions are met** | | | | | |
| Exchange differences | 18 | – | 18 | 65 | (47) |
| Cash flow hedges | 23 | (2) | 21 | 18 | 3 |
| Share of other comprehensive income of investments accounted for using the equity method | 33 | – | 33 | 32 | 1 |
| Other comprehensive income net of tax | 858 | (261) | 597 | 604 | (7) |

### Share-Based Payments

The Bertelsmann Group has granted cash-settled or equity-settled share-based payment awards. Significant share-based payments are attributable to Groupe M6, which belongs to RTL Group, and the education companies Afya and Relias, which belong to Bertelsmann Education Group. In addition, there are additional share-based payments within the Bertelsmann Group that are immaterial on a stand-alone basis and in total.

### Free Share Plans Groupe M6

There are various free share plans at Groupe M6, which belongs to RTL Group, open to directors and certain employees. The number of free shares granted to participants is approved by the Supervisory Board of Métropole Télévision SA in accordance with the authorization given by the General Meeting of Shareholders.

Plans awarded in the financial year 2023:

- one plan concerns a group of 167 beneficiaries and involves 311,300 shares, subject to the condition of presence in Groupe M6 on March 31, 2026 and the achievement of consolidated EBITA objectives in 2023;
- another plan concerns a group of 22 beneficiaries and involves 191,900 shares, subject to the condition of presence in Groupe M6 on March 31, 2026. It is awarded annually on the basis of multi-year performance conditions.

The maximum number of free shares granted is as follows, whereby all plans are settled by the physical delivery of shares:

## Maximum Number of Free Shares and Remaining Free Shares (Groupe M6)

| Free share plans | Maximum number of free shares granted[1] | Remaining free shares |
|---|---|---|
| April 2021 | 407,200 | – |
| April 2021 | 93,000 | – |
| October 2022 | 291,050 | 278,350 |
| October 2022 | 224,700 | 218,700 |
| May 2023 | 311,300 | 308,700 |
| May 2023 | 191,900 | 191,900 |
| Total | 1,519,150 | 997,650 |

1 Maximum number of free shares granted if the performance conditions are significantly exceeded. Such number could be reduced to zero if objectives are not met.

During the financial year, the balance of shares granted changed as follows:

| | Number of shares |
|---|---|
| Balance as of 12/31/2022 | 1,002,350 |
| Change based on performance | (1,012) |
| Granted | 503,200 |
| Delivered | (485,588) |
| Forfeited | (21,300) |
| Balance as of 12/31/2023 | 997,650 |

Free share plans outstanding at the end of the year have the following terms:

## Conditions for Free Share Plans (Groupe M6)

| Expiry date | Number of shares 2023 | Number of shares 2022 |
|---|---|---|
| **Free share plans** | | |
| 2023 | – | 486,600 |
| 2024 | 218,700 | 224,700 |
| 2025 | 278,350 | 291,050 |
| 2026 | 500,600 | – |
| | 997,650 | 1,002,350 |

As of December 31, 2023, the market price of Métropole Télévision shares on the Paris Stock Exchange was €12.94 (previous year: €15.35).

The fair value of performance shares granted is based on the value of the share at date of grant less the current value of future dividends estimated for the period of unavailability. For all performance share plans, the maturity corresponds to the vesting period (i.e., two years, two years and six months, two years and eight months or three years).

### Fair Values of Free Share Plans (Groupe M6)

| | | | | | Personnel costs in € millions | |
|---|---|---|---|---|---|---|
| Grant date | Share price | Risk-free interest rate (in percent) | Expected return (in percent) | Fair value | 2023 | 2022 |
| **Free share plans** | | | | | | |
| 7/30/2019 (2 plans) | 15.35 | (0.30) | 6.97 | 13.23 | – | 0.8 |
| 4/20/2021 (2 plans) | 18.38 | (0.64) | n/a | 14.34 | 1.3 | 4.1 |
| 10/10/2022 (2 plans) | 10.34 | 2.07 | 6.15 | 8.38 | 1.6 | 0.4 |
| 5/15/2023 (2 plans) | 13.32 | 2.79 | 7.89 | 11.40 | 1.1 | – |
| Total | | | | | 4.0 | 5.3 |

### Afya Stock Options Plan

The stock option plan approved on August 30, 2019, and last amended on July 31, 2023, granted senior executives and other employees to acquire shares in Afya Ltd. The stock option plan is accounted for as an equity-settled share-based payment transaction. Due to the modifications, the expense related to the share-based payment reflects the cost of the original award at grant date over the vesting period plus the incremental fair value of the repriced options at modification date over the vesting period of the options.

In July 2023, a modification in the index rate to the strike prices of the granted stock options was approved. The average incremental fair value, as a result of the modification, was BRL 2.10 per stock option. The following table shows the inputs used  to determine the incremental fair value of the stock options.

### Inputs for Determining the Incremental Fair Value

| | Modified stock option plan | Original stock option plan |
|---|---|---|
| Strike price index | IPCA | CDI |
| Strike price at the measurement date (in BRL) | 59–104 | 59–104 |
| Dividend yield (in percent) | 0.0 | 0.0 |
| Expected volatility (in percent) | 45–54 | 45–54 |
| Risk-free interest rate (in percent) | 10–12 | 13–15 |
| Expected life of stock option (in years) | 0–5 | 0–5 |
| Share price at the measurement date (in BRL) | 75 | 75 |
| Model used | Binomial | Binomial |
| Weighted average fair value at the measurement date (in BRL) | 28.10 | 26.00 |

On February 13, 2023, April 17, 2023, August 1, 2023, October 1, 2023, and December 1, 2023, Afya Ltd. granted a total of 467,000 additional stock options, respectively. The following table shows the inputs to the model used to determine the fair value of the stock options.

## Inputs for Determining Fair Value

| | Measurement date | | | | |
|---|---|---|---|---|---|
| | February 2023 | April 2023 | August 2023 | October 2023 | December 2023 |
| Strike price (in BRL) | 56 | 57 | 59 | 59 | 60 |
| Dividend yield (in percent) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Expected volatility (in percent) | 46–56 | 48–55 | 47–56 | 44–56 | 34–56 |
| Risk-free interest rate (in percent) | 13 | 11–13 | 10–12 | 11–12 | 10–11 |
| Expected life of stock option (in years) | 1–5 | 1–5 | 1–5 | 1–5 | 1–5 |
| Share price at the measurement date (in BRL) | 70.69 | 62.51 | 76.45 | 79.12 | 100.97 |
| Model used | Binomial | Binomial | Binomial | Binomial | Binomial |
| Weighted average fair value at the measurement date (in BRL) | 29.54 | 32.04 | 37.04 | 38.67 | 54.25 |

The number and movements in stock options during the period have developed as follows:

## Development of the Number of Stock Options and Weighted Average Exercise Price

| | Weighted average strike price (in BRL) | Number of shares 2023 | Number of shares 2022 |
|---|---|---|---|
| Balance as of 1/1 | 79.47 | 3,729,287 | 3,086,728 |
| Granted | 60.83 | 467,000 | 1,234,919 |
| Exercised | 59.67 | (164,214) | – |
| Exchanged to Restricted Stock Units | – | (1,751,599) | – |
| Forfeited | 110.95 | (333,111) | (365,749) |
| Expired | 94.17 | (251,299) | (226,611) |
| Balance as of 12/31 | 64.33 | 1,696,064 | 3,729,287 |
| Exercisable | 86.23 | 242,235 | 1,133,774 |

In July 2023, the holders of stock options granted before July 11, 2022, with strike prices based on the IPO price or above, were offered a replacement award to exchange the stock options for a number of Restricted Stock Units (RSUs), resulting in a weighted average conversion ratio of 0.12 RSUs per stock option. In the 2023 financial year, expenses for this stock option plan amounted €4 million (previous year: €5 million) and were recognized in profit or loss as personnel expenses.

### Incentive Compensation Rights Bertelsmann Education Group

In addition, on January 1, 2019, the Bertelsmann Education Group adopted an incentive compensation plan that provides participants an opportunity to receive a cash payment, based on instruments subject to vesting. The amount of the cash payment depends on the increase in the enterprise value between the vesting commencement date and the exercise date. The incentive compensation rights can be exercised indefinitely from December 31, 2023. As of December 31, 2023, there were 29 participants in the plan. The associated liability as of December 31, 2023, amounted to €22 million (previous year: €10 million) and is based on the enterprise value of Relias LLC, which was determined using a discounted cash flow method and corroborated for reasonableness using a market approach. As of December 31, 2023, the intrinsic value of the liability amounted to €22 million (previous year: €0 million). In the financial year 2023, the expense from these incentive compensation rights amounted to €13 million (previous year: €4 million).

## 18 Provisions for Pensions and Similar Obligations

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Defined benefit obligation | 649 | 649 |
| Similar obligations | 52 | 61 |
| | 700 | 710 |

The Bertelsmann Group operates various pension plans for current and former employees and their surviving dependents. The model of such plans varies according to the legal, fiscal and economic environment of the country concerned. These company pension plans include both defined contribution and defined benefit plans.

In the case of defined contribution plans, the company makes payments into an external pension fund or another welfare fund through a statutory, contractual or voluntary model. The company has no obligation to provide further benefits once it has made these payments, so no provisions are recognized. Expenses for defined contribution plans in the amount of €71 million were recognized in the financial year 2023 (previous year: €66 million).

All other pension plans are defined benefit plans. The US companies' obligations for healthcare costs for employees after they retire (medical care plans) are also defined benefit obligations and are included in the provisions on the balance sheet. For all the retirement benefit plans, a distinction must be made as to whether or not these are financed through an external investment fund.

### Net Defined Benefit Liability Recognized in the Balance Sheet

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Present value of defined benefit obligation of unfunded plans | 559 | 549 |
| Present value of defined benefit obligation of funded plans | 2,809 | 2,649 |
| Total present value of defined benefit obligation | 3,368 | 3,198 |
| Fair value of plan assets | (2,874) | (2,687) |
| Impact from asset ceiling | – | 1 |
| Net defined benefit liability recognized in the balance sheet | 494 | 512 |
| – thereof provisions for pensions | 649 | 649 |
| – thereof other assets | 155 | 137 |

Provisions are recognized for these defined benefit plans. The following tables show the breakdown of the benefit by plan beneficiary and by type of benefit plan:

### Plan Beneficiaries

| | Number of employees | | in € millions | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Active members | 18,327 | 34,114 | 815 | 800 |
| Deferred members | 11,012 | 11,140 | 631 | 604 |
| Pensioners | 17,197 | 17,487 | 1,922 | 1,794 |
| Total | 46,536 | 62,741 | 3,368 | 3,198 |
| – thereof vested | | | 3,318 | 3,144 |

## Benefit Plans

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Flat salary plans | 1,761 | 1,691 |
| Final salary plans | 1,049 | 974 |
| Career average plans | 327 | 330 |
| Other commitments given | 181 | 155 |
| Medical care plans | 50 | 48 |
| Present value of defined benefit obligation | 3,368 | 3,198 |
| – thereof capital commitments | 147 | 168 |

The obligations and plan assets available for the existing pension plans are, in some cases, exposed to demographic, economic and legal risks. The demographic risks are primarily the longevity risk for pensioners. Economic risks include, in this respect, mostly unforeseeable developments on the capital markets and the associated impacts on plan assets and pension obligations. Legal risks can result from restrictions to investments and minimum funding requirements. A Group-wide pension guideline was introduced in 2004 to substantially minimize these risks. This stipulates that all new pension plans are, as a rule, only to be designed as defined contribution plans so that the charges from benefit commitments are always acceptable, calculable and transparent, and so that no risks can arise that the company cannot influence. In addition, the Bertelsmann Group aims, in particular, to transfer existing final salary-related pension agreements to plans with fixed amounts and capital commitments that are independent from trends. As a result of these measures, the obligations are almost entirely due to the plans that have been closed.

The Bertelsmann Group has minimum funding obligations for the plans in the United States and the United Kingdom. The pension plan in the United States is subject to the minimum funding agreements according to the “Employee Retirement Income Security Act of 1974” (ERISA). In general, the aim under this agreement is to have a fully funded pension plan so that the annual contributions to the plan assets are limited to the pension entitlements the insured employee has earned during the year, as is the case for a defined contribution plan. If the pension obligations are not fully covered by the plan assets, an additional amount sufficient to ensure full financing over a seven-year period must be applied in excess of this contribution. The plans in the United Kingdom are subject to the “Pensions Act 2004,” which includes reviewing the full financing of the pension plan from an actuarial perspective every three years with annual monitoring and, if necessary, eliminating any deficits that may have arisen by means of further additions to plan assets. There are no other material regulatory conditions over and above the minimum funding regulations in the United States and the United Kingdom.

Furthermore, one Group company participated in a multi-employer plan with other non-affiliated companies until December 31, 2014. As the relevant information required to account for this as a defined benefit plan was neither available on time nor available to a sufficient extent, this benefit plan was carried in the Consolidated Financial Statements in line with the requirements for defined contribution benefit plans. In the financial year 2015, the withdrawal from the plan with retrospective effect from January 1, 2015, was declared. As of December 31, 2023, the related provision in the balance sheet position “Other provisions” under other employee benefits amounts to €10 million. According to the notification of April 2017, the company has been making monthly contribution payments, which are expected to amount to €1 million in the financial year 2024.

The provisions are determined using actuarial reports in accordance with IAS 19. The amount of provisions depends on the employees’ length of service with the company and their pensionable salary. Provisions are computed using the projected unit credit method, in which the benefit entitlement earned is allocated to each year of service, thus assuming an increasing cost of service in comparison to the entry age normal method. When identifying the present value of the pension obligation, the underlying interest rate is of material importance. In the Bertelsmann Group, this is based on the “Mercer Yield Curve Approach.” With this approach, separate spot rate yield curves are created for the eurozone, the United Kingdom and the United States on the basis of high-quality corporate bonds. In order to appropriately present the time value of money in accordance with IAS 19.84, the basis does not consider either spikes for which the risk estimate may be substantially higher or lower, or bonds with embedded options that distort interest rates. Biometric calculations of domestic plans are based on the 2018 G mortality tables of Heubeck-Richttafeln-GmbH. Comparable country-specific calculation methods are used for foreign plans.

Further significant actuarial assumptions were made based on a weighted average as follows:

### Actuarial Assumptions

| | 12/31/2023 | | | | 12/31/2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Germany | United Kingdom | United States | Other countries | Germany | United Kingdom | United States | Other countries |
| Discount rate | 3.61 % | 4.80 % | 4.97 % | 3.37 % | 4.20 % | 4.88 % | 5.11 % | 3.97 % |
| Salary trend | 2.25 % | 4.24 % | 3.50 % | 2.47 % | 2.25 % | 4.33 % | 3.50 % | 2.63 % |
| Pension trend | 2.04 % | 2.96 % | n/a | 2.24 % | 2.04 % | 3.11 % | n/a | 2.28 % |

An increase or decrease in the assumptions set out above compared to the assumptions actually applied would have had the following effects on the present value of the defined benefit obligation as of December 31, 2023:

### Effect of Actuarial Assumptions

| in € millions | Increase | Decrease |
|---|---|---|
| Effect of 0.5 percentage point change in discount rate | (169) | 187 |
| Effect of 0.5 percentage point change in salary trend | 12 | (11) |
| Effect of 0.5 percentage point change in pension trend | 121 | (105) |
| Effect of change in average life expectancy by 1 year | 103 | (104) |

In order to determine the sensitivity of the longevity, the mortality rates for all beneficiaries were reduced or increased evenly, so that the life expectancy of a person of a country-specific retirement age increases or decreases by one year.

Changes in the present value of defined benefit obligations and plan assets in the reporting period were as follows:

## Development of the Defined Benefit Plans

| | Defined benefit obligation (I) | | Fair value of plan assets (II) | | Net defined benefit balance (I)-(II)[1] | |
|---|---|---|---|---|---|---|
| in € millions | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Balance as of 1/1 | 3,198 | 4,552 | 2,687 | 3,212 | 511 | 1,342 |
| Current service cost | 33 | 56 | – | – | 33 | 56 |
| Interest expenses | 134 | 66 | – | – | 134 | 66 |
| Interest income | – | – | 116 | 49 | (116) | (49) |
| Past service cost | (7) | – | – | – | (7) | – |
| **Income and expenses for defined benefit plans recognized in the consolidated income statement** | **160** | **122** | **116** | **49** | **44** | **73** |
| Income/expense on plan assets excluding amounts included in net interest expenses | – | – | 97 | (549) | (97) | 549 |
| Actuarial gains (-) and losses (+) | | | | | | |
| – changes in financial assumptions | 151 | (1,345) | – | – | 151 | (1,345) |
| – changes in demographic assumptions | 30 | 5 | – | – | 30 | 5 |
| – experience adjustments | 34 | 27 | – | – | 34 | 27 |
| **Remeasurements for defined benefit plans recognized in the consolidated statement of comprehensive income** | **215** | **(1,313)** | **97** | **(549)** | **117** | **(764)** |
| Contributions to plan assets by employer | – | – | 15 | 18 | (15) | (18) |
| Contributions to plan assets by employees | 2 | 3 | 2 | 3 | – | – |
| Pension payments | (162) | (160) | (26) | (30) | (136) | (130) |
| Cash effects from settlements | – | – | – | – | – | – |
| Change of consolidation scope | (51) | – | (26) | – | (25) | – |
| Changes associated with assets held for sale | (1) | 1 | – | 1 | – | – |
| Exchange rate changes | 6 | (12) | 9 | (21) | (3) | 9 |
| Other changes | 1 | 5 | – | 4 | – | – |
| **Other reconciling items** | **(205)** | **(163)** | **(26)** | **(25)** | **(179)** | **(139)** |
| Balance as of 12/31 | 3,368 | 3,198 | 2,874 | 2,687 | 494 | 512 |
| | | | | | | |
| thereof | | | | | | |
| Germany | 2,624 | 2,486 | 2,105 | 1,971 | 518 | 515 |
| United Kingdom | 463 | 430 | 606 | 552 | (143) | (122) |
| United States | 144 | 149 | 112 | 119 | 31 | 30 |
| Other European countries | 112 | 111 | 37 | 33 | 75 | 79 |
| Other countries | 25 | 22 | 13 | 12 | 12 | 10 |

1 In the financial year 2023, for calculating the "Net defined benefit balance," the effects of the asset ceiling in accordance with IAS 19 amounting to €0 million were taken into account in the item "Other changes" (previous year: €1 million).

Of the contributions to plan assets, €2 million (previous year: €2 million) pertains to Germany. Employer contributions to plan assets are expected to amount to €13 million in the next financial year. Reimbursement rights for defined benefit obligations in Germany amount to €21 million (previous year: €24 million) and are recognized in the balance sheet position "Trade and other receivables."

The expenses for defined benefit plans are broken down as follows:

## Expenses for Defined Benefit Plans

| in € millions | 2023 | 2022 |
|---|---|---|
| Current service cost | 33 | 56 |
| Past service cost and impact from settlement | (7) | – |
| Net interest expenses | 18 | 17 |
| Net pension expenses | 44 | 73 |

The portfolio structure of plan assets is composed as follows:

### Portfolio Structure of Plan Assets

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Debt instruments[1] | 1,935 | 1,905 |
| Equity instruments[1] | 583 | 502 |
| Cash and cash equivalents | 71 | 115 |
| Qualifying insurance policies | 119 | 115 |
| Other funds | 73 | 99 |
| Derivatives | 82 | (56) |
| Property | 7 | 7 |
| Other | 4 | – |
| Fair value of plan assets | 2,874 | 2,687 |

1 For almost all equity and debt instruments, market prices are listed on an active market.

The plan assets in the Bertelsmann Group are used exclusively for the fulfillment of benefit obligations. To avoid a concentration of risk, plan assets are invested in various classes of investments. The majority of plan assets are managed by Bertelsmann Pension Trust e.V. under a contractual trust arrangement (CTA) for pension commitments of Bertelsmann SE & Co. KGaA and some of the German subsidiaries. There is no funding requirement for the CTA. In the financial year 2023, no contribution was made to plan assets. The trust assets were invested in accordance with the investment guideline of the beneficiary, using a long-term total return approach. This approach is based on the aim of using strategic asset allocation to generate a suitable return in the long term regardless of short-term market fluctuations and/or crises. The management board of the pension trust is responsible for the investment and regularly informs the beneficiary of the status and performance of the pension assets.

The weighted-average duration of the pension obligations as of December 31, 2023, is as follows:

### Weighted Average Duration

| in years | 2023 | 2022 |
|---|---|---|
| Germany | 13 | 13 |
| United Kingdom | 16 | 16 |
| United States | 11 | 10 |
| Other countries | 12 | 13 |

The maturity profile of the anticipated undiscounted pension payments is presented in the following table:

### Maturity Profile of Pension Payments

| in € millions | Expected pension payments |
|---|---|
| 2024 | 169 |
| 2025 | 176 |
| 2026 | 181 |
| 2027 | 187 |
| 2028 | 195 |
| 2029–2033 | 979 |

Similar obligations relate to provisions for bonuses for employee service anniversaries, amounts due but not yet paid to defined contribution plans, partial retirement and severance payments at retirement. Severance payments at retirement are made when employees leave the company and are based on statutory obligations. Provisions for employee service anniversary bonuses and severance payments at retirement are recognized in the same way as defined benefit plans, but with actuarial gains and losses recognized in profit or loss. Employees in Germany who are at least 55 years old and have a permanent employment contract with the company qualify for the partial retirement schemes. The partial retirement phase lasts two to six years.

The following table shows the breakdown in similar obligations:

### Breakdown of Similar Obligations

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Provisions for employee service anniversaries | 24 | 26 |
| Provisions for old-age part-time schemes | 9 | 12 |
| Other | 20 | 23 |
| Similar obligations | 52 | 61 |

## 19 Other Provisions

| | 12/31/2023 | | | | | | | 12/31/2022 | |
|---|---|---|---|---|---|---|---|---|---|
| in € millions | | of which > 1 year | Additions | Reversal | Usage | Other effects | Accrued interest | | of which > 1 year |
| Onerous contracts | 108 | 24 | 135 | (18) | (55) | (4) | – | 166 | 94 |
| Litigation | 58 | 32 | 15 | (9) | (4) | (11) | – | 49 | 25 |
| Restructuring | 82 | 21 | 155 | (5) | (60) | (11) | 1 | 162 | 50 |
| Other employee benefits | 27 | 11 | 6 | (6) | (6) | (3) | 1 | 19 | 11 |
| Other | 142 | 68 | 22 | (32) | (10) | (36) | – | 88 | 47 |
| | 417 | 156 | 333 | (70) | (134) | (64) | 2 | 484 | 227 |

The provisions for onerous contracts concern RTL Group in the amount of €38 million (previous year: €72 million) and were recognized mainly for program rights. Of that amount, €36 million (previous year: €68 million) relates to RTL Deutschland. A further €93 million of the provisions for onerous contracts relates to the Penguin Random House division, thereof €82 million are attributable to an onerous lease contract of Penguin Random House in the United States. Provisions for litigation pertain in the amount of €25 million (previous year: €29 million) to RTL Group companies.

In accordance with IAS 37, restructuring provisions include termination benefits and other costs relating to market-related restructuring measures. Provisions in the amount of €162 million (previous year: €82 million) are recognized for various restructuring programs within the Bertelsmann Group. The additions relate mainly to the Bertelsmann Marketing Services (€56 million), RTL Group (€45 million) and Penguin Random House (€42 million) divisions. In January 2023, Prinovis announced the discontinuation of production at the Ahrensburg site as of January 31, 2024. The related restructuring provision amounted to €37 million as of December 31, 2023. In February 2023, RTL Deutschland announced a reorganization of its publishing business. During the reorganization, costs will be reduced in all areas. Around 500 jobs will be cut in Hamburg, while an additional 200 jobs will be transferred to new owners through the sale of titles. Negotiations with the employee representatives about a voluntary layoff program and the staff dismissal process – which specifies the financial terms of the restructuring plan and the number of staff affected – were finalized during the financial year 2023. The related restructuring provision amounted to €44 million as of December 31, 2023. In connection with the initiated restructuring of the US publishing areas of Penguin Random House, the related restructuring provision amounted to €17 million as of December 31, 2023.

The provisions for other employee benefits in the amount of €10 million (previous year: €11 million) relate to an obligation in connection with the withdrawal from a multi-employer plan. Further details are presented in note 18 “Provisions for Pensions and Similar Obligations.” The item “Other” is mainly attributable to the divisions Arvato Group (€28 million, previous year: €47 million), Bertelsmann Marketing Services (€20 million, previous year: €23 million) and Bertelsmann Education Group (€15 million, previous year: €31 million). In the Bertelsmann Marketing Services division, a provision in the amount of €14 million (previous year: €14 million) refers to compensation obligations from pension entitlements for employees at the Prinovis location in Ahrensburg toward Axel Springer SE.

## 20 Profit Participation Capital

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Profit participation capital 1992 | 23 | 23 |
| Profit participation capital 2001 | 390 | 390 |
| | 413 | 413 |

The market value of the 2001 profit participation certificates was €719 million with a closing rate of 253.00 percent on the last day of trading in the past financial year on the Frankfurt Stock Exchange (previous year: €739 million with a rate of 260.00 percent) and, correspondingly, €22 million for the 1992 profit participation certificates with a rate of 128.22 percent (previous year: €29 million with a rate of 173.00 percent). The market values are based on level 1 of the fair value hierarchy. Further information on profit participation capital is presented in detail in the Combined Management Report.

## 21 Financial Debt

Financial debt includes all interest-bearing liabilities to banks and capital markets as of the end of the reporting period. Carrying amounts are calculated as follows:

### Current and Non-Current Financial Debt

| | Current | | Non-current | |
|---|---|---|---|---|
| in € millions | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 |
| Bonds | 466 | 146 | 4,071 | 4,510 |
| Promissory notes | – | – | 325 | 325 |
| Liabilities to banks | 88 | 76 | 64 | 215 |
| Other financial debt | 51 | 56 | 156 | 149 |
| | 604 | 278 | 4,616 | 5,199 |

The Bertelsmann Group has access to floating-rate and fixed-rate funds through various contractual arrangements. Financial debt is generally unsecured.

In March 2023, Bertelsmann exercised a call option on the hybrid bond with a nominal value of €650 million. The early redemption of the outstanding nominal value of €146 million was made in April 2023, after a nominal amount of €504 million was already repaid early in December 2022 as part of a public repurchase offer. At the end of the reporting period, the Group had publicly listed bonds, private placements and promissory notes outstanding with a nominal volume of €4,905 million (previous year: €5,047 million).

The differences in carrying amount versus nominal amount in the table below result from transaction costs, discounts and fair value effects from hedge accounting in connection with the conclusion of derivatives. In addition, early redemptions of €74 million were taken into account in calculating the carrying amount of the €500 million bond maturing in October 2024. Furthermore, early redemptions in the nominal amount of €233 million were considered for the calculation of the carrying amount of the bond maturing in September 2025. For the calculation of the carrying amount of the bond maturing in April 2026, an early redemption with a nominal value of €57 million was taken into account. In addition, an early redemption with a nominal value of €504 million was considered for the calculation of the carrying amount of the hybrid bond with an initial nominal value of €650 million.

## Bonds and Promissory Notes

| | in millions | in € millions | | | |
|---|---|---|---|---|---|
| | | Carrying amount | | Fair value | |
| Interest rate; emission; maturity; fixed interest | Nominal amount | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 |
| 1.500%; 2017; 2024; fixed-interest bond | €50 | 50 | 50 | 49 | 48 |
| 1.750%; 2014; 2024; fixed-interest bond[1] | €500 | 416 | 406 | 419 | 415 |
| 1.250%; 2018; 2025; fixed-interest bond[1] | €750 | 504 | 495 | 501 | 489 |
| 1.787%; 2015; 2025; fixed-interest promissory note | €150 | 150 | 150 | 147 | 142 |
| 1.125%; 2016; 2026; fixed-interest bond[1] | €500 | 442 | 442 | 426 | 412 |
| 1.000%; 2019; 2026; floating- and fixed-interest promissory note[2] | €75 | 75 | 75 | 72 | 68 |
| 1.600%; 2020; 2027; fixed-interest promissory note | €100 | 100 | 100 | 96 | 92 |
| 1.000%; 2020; 2027; fixed-interest bond | €100 | 100 | 100 | 94 | 89 |
| CDI (Certificado de Depósito Interbancário) + 180 bp; 2022; 2028; floating-rate bond[1,3] | BRL500 | 93 | 88 | 99 | 89 |
| 2.000%; 2020; 2028; fixed-interest bond[1] | €750 | 746 | 745 | 721 | 688 |
| 3.500%; 2022; 2029; fixed-interest bond[1] | €750 | 744 | 743 | 761 | 728 |
| 1.500%; 2020; 2030; fixed-interest bond[1] | €750 | 745 | 744 | 678 | 641 |
| 3.700%; 2012; 2032; fixed-interest bond | €100 | 99 | 99 | 105 | 98 |
| 3.000%; 2015; 2075; fixed-interest hybrid[1] | €650 | – | 146 | – | 146 |
| 3.500%; 2015; 2075; fixed-interest hybrid bond[1] | €600 | 599 | 598 | 573 | 549 |
| | | 4,862 | 4,981 | 4,741 | 4,694 |

1 Listed.
2 €10 million floating rate (6-month EURIBOR + 100 bp).
3 Of which BRL 250 million maturing in the financial year 2027.

The documentation of the bonds from Bertelsmann SE & Co. KGaA in the years 2012, 2014, 2016, 2018 and 2020 is within the framework of a base documentation for debt issuance programs. The hybrid bonds and promissory notes as well as the bonds of 2017 and 2022 were issued on the basis of separate documentation. The bonds mainly have a rating of “Baa2” (Moody’s) and “BBB” (Standard & Poor’s). The debt issuance program was last updated in March 2023. Transaction costs and agreed discounts or premiums are taken into account in the interest result over the term, impacting the carrying amount of the bonds and promissory notes. This led to a difference to the nominal volume of €22 million (previous year: €27 million) at the end of the year.

As a rule, the quoted prices at the end of the reporting period are used to determine the fair value of the bonds issued. On December 31, 2023, the cumulative fair value of the listed bonds totaled €4,178 million (previous year: €4,157 million), with a nominal volume of €4,330 million (previous year: €4,472 million) and a carrying amount of €4,289 million (previous year: €4,407 million). The stock market prices are based on level 1 of the fair value hierarchy.

The fair values of private placements and promissory notes are determined using actuarial methods based on yield curves adjusted for the Group’s credit margin. The interest premium 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 3.08 percent to 3.96 percent. The fair values of the private placements and promissory notes are based on level 2 of the fair value hierarchy.

## Credit Facilities

The Bertelsmann Group has access to a syndicated loan agreement entered into with major international banks in the amount of €1,200 million (previous year: €1,200 million), which was extended by one more year to 2026 most recently in June 2021. Bertelsmann SE & Co. KGaA can draw down this credit facility using floating-rate loans in euros and US dollars on a revolving basis.

In addition, Bertelsmann has access to further bilateral credit facilities in the amount of €180 million (previous year: €320 million), which can also be drawn down primarily using floating-rate loans on a revolving basis. As of December 31, 2023, the credit facilities were not drawn down (previous year: €130 million).

## 22 Lease Liabilities

The maturities of lease liabilities are presented in the table below.

### Maturity Analysis for Lease Liabilities

| | | Undiscounted cash flows | | | |
|---|---|---|---|---|---|
| in € millions | Carrying amount | Up to 1 year | 1 to 5 years | Over 5 years | Total |
| Balance as of 12/31/2023 | 1,333 | 312 | 729 | 429 | 1,470 |
| Balance as of 12/31/2022 | 1,537 | 355 | 851 | 494 | 1,700 |

As of December 31, 2023, potential future cash outflows of €368 million (previous year: €353 million) were not included in the lease liabilities, as it could not be assumed with reasonable certainty that the leases would be extended (or would not be terminated). Future payments arising from short-term leases and leases for low-value assets are not recognized as right-of-use assets and lease liabilities. For such leases, the payments are recognized on a straight-line basis as expenses (further explanations are presented in note 5 "Other Operating Expenses"). Expenses from variable lease payments not included in the lease liability were immaterial as in the previous year. The same applies for income from subleasing right-of-use assets and the resulting lease payments expected in the future. Details on the corresponding right-of-use assets are presented in note 10 "Property, Plant and Equipment and Right-of-Use Assets."

## 23 Liabilities

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| **Non-current** | | |
| Trade payables | 145 | 145 |
| Derivative financial instruments | 24 | 149 |
| Sundry financial payables | 440 | 380 |
| Contract liabilities | 15 | 28 |
| Sundry non-financial payables | 377 | 357 |
| **Current** | | |
| Trade payables | 4,221 | 3,843 |
| Refund liabilities | 421 | 445 |
| Derivative financial instruments | 104 | 135 |
| Sundry financial payables | 956 | 980 |
| Contract liabilities | 886 | 1,031 |
| Sundry non-financial payables | 1,188 | 1,458 |
| – personnel-related liabilities | 640 | 792 |
| – tax liabilities | 139 | 213 |
| – social security liabilities | 91 | 136 |
| – deferred items | 41 | 19 |
| – other | 277 | 298 |

The item "Contract liabilities" includes payments received by Bertelsmann in advance; that is, prior to satisfaction of the contractual obligations in accordance with IFRS 15. They are recognized as revenue as soon as the contractual obligation has been rendered. Accordingly, revenues amounting to €947 million were recognized in the financial year 2023 (previous year: €911 million), which were included in the balance of contract liabilities at the beginning of the financial year. The reported revenues also comprise the amounts included in the balance of contract liabilities at the beginning of the financial year for companies newly included in the scope of consolidation. As in the previous year, the contract liabilities as of December 31, 2023, mainly relate to deferred revenue from productions at RTL Group, deferred licensing revenue at BMG and services by the Arvato Group and Bertelsmann Education Group divisions, which will be usually rendered in the following period. As of January 1, 2022, contract liabilities amounted to €895 million.

In accordance with IFRS 15, the item “Refund liabilities” mainly comprises liabilities for expected returns of the Penguin Random House and RTL Group divisions of €273 million (previous year: €270 million). Correspondingly, in the balance sheet position “Other non-financial assets,” an asset for an immaterial amount is recognized for the customers’ right to recover products from customers upon settling the refund liability. The item “Sundry financial payables” includes, among other things, payables of €71 million (previous year: €151 million) from the Riverty business unit, which were recognized in relation to the receivables management service provided. In addition, the item comprises payables in the amount of €306 million (previous year: €228 million) relating to accounts receivables sold, which are acquired by Riverty from third parties in the course of conducting its financial services and then resold. Non-current sundry financial payables also include liabilities from put options relating to shareholders with non-controlling interests of €286 million (previous year: €211 million), minority interests in partnerships of €2 million (previous year: €31 million) and liabilities from the acquisition of assets in the amount of €143 million (previous year: €145 million). The put options have a term of between one and six years. Current sundry financial payables also comprise liabilities from the acquisition of assets in the amount of €199 million (previous year: €251 million) and liabilities to participations in the amount of €19 million (previous year: €23 million).

## 24 Off-Balance-Sheet Liabilities

Off-balance-sheet liabilities break down as follows at the end of the financial year:

### Contingent Liabilities and Other Commitments

| in € millions | 12/31/2023 | 12/31/2022 |
|---|---|---|
| Commitments from productions and co-productions, TV licenses and broadcasting rights, as well as other rights and licenses | 1,746 | 1,857 |
| Commitments from royalty agreements | 1,275 | 1,212 |
| Commitments from assets under construction and lease contracts not recognized on the balance sheet | 88 | 22 |
| Purchase commitments for inventories | 34 | 67 |
| Commitments for the acquisition of intangible assets and property, plant and equipment | 6 | 22 |
| Guarantees | 1 | 28 |
| Other | 458 | 412 |
| | 3,607 | 3,620 |

Of the commitments from productions and co-productions, TV licenses and broadcasting rights, as well as other rights and licenses, €1,746 million (previous year: €1,857 million) pertains to RTL Group. Commitments from royalty agreements relate to Penguin Random House in the amount of €1,186 million (previous year: €1,113 million) and to BMG in the amount of €88 million (previous year: €99 million). Commitments from assets under construction and not recognized lease contracts comprise leases not yet commenced, but to which the lessee is committed.

## 25 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 as of December 31, 2023:

### Carrying Amounts and Measurement Categories of Financial Assets

| in € millions | Balance sheet position | 12/31/2023 | 12/31/2022 |
|---|---|---|---|
| Financial assets measured at amortized cost | | | |
| – loans | Minority stakes and other financial assets | 29 | 44 |
| – trade receivables | Trade and other receivables | 3,495 | 4,004 |
| – receivables from participations | Trade and other receivables | 23 | 20 |
| – sundry financial receivables | Trade and other receivables | 1,092 | 900 |
| – bank balances and cash on hand | Cash and cash equivalents | 1,115 | 1,583 |
| – cash equivalents | Cash and cash equivalents | 850 | 283 |
| Financial assets measured at fair value through other comprehensive income | | | |
| – other financial assets | Minority stakes and other financial assets | 31 | 28 |
| Primary financial assets measured at fair value through profit or loss | | | |
| – loans | Minority stakes and other financial assets | 24 | 31 |
| – minority stakes held by venture capital organizations | Minority stakes and other financial assets | 1,075 | 1,197 |
| – fund-of-fund investments held by venture capital organizations | Minority stakes and other financial assets | 148 | 150 |
| – sundry financial receivables | Trade and other receivables | 562 | 14 |
| – financial instruments of the consolidated special fund | Minority stakes and other financial assets | – | 125 |
| – other financial assets | Minority stakes and other financial assets | 538 | 321 |
| – cash equivalents | Cash and cash equivalents | 989 | 1,362 |
| Derivative financial instruments | Minority stakes and other financial assets | 72 | 76 |
| Continuing involvement | Trade and other receivables | 220 | 183 |
| | | 10,264 | 10,321 |

## Carrying Amounts and Measurement Categories of Financial Liabilities

| in € millions | Balance sheet position | 12/31/2023 | 12/31/2022 |
|---|---|---|---|
| Financial liabilities measured at amortized cost | | | |
| – profit participation capital | Profit participation capital | 413 | 413 |
| – bonds and promissory notes | Financial debt | 4,862 | 4,981 |
| – liabilities to banks | Financial debt | 152 | 291 |
| – other financial debt | Financial debt | 207 | 205 |
| – trade payables | Trade and other payables | 4,367 | 3,988 |
| – liabilities to participations | Trade and other payables | 19 | 23 |
| – other | Trade and other payables | 1,307 | 1,531 |
| Primary financial liabilities measured at fair value through profit or loss | Trade and other payables | 271 | 68 |
| Derivative financial instruments | Trade and other payables | 128 | 284 |
| Continuing involvement | Trade and other payables | 220 | 183 |
| | | 11,944 | 11,955 |

The fair values of the bonds and promissory notes are presented in note 21 “Financial Debt.” The carrying amounts of the other financial assets and liabilities measured at amortized cost represent a reasonable approximation of fair value.

## 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 | Total as of 12/31/2023 |
|---|---|---|---|---|
| Loans | – | – | 24 | 24 |
| Minority stakes held by venture capital organizations | 69 | – | 1,007 | 1,075 |
| Fund-of-fund investments held by venture capital organizations | – | – | 148 | 148 |
| Sundry financial receivables | – | – | 562 | 562 |
| Other financial assets | 462 | 5 | 102 | 569 |
| Cash equivalents | – | 989 | – | 989 |
| Primary and derivative financial assets held for trading | – | 42 | – | 42 |
| Derivatives with hedge relation | – | 30 | – | 30 |
| | 531 | 1,066 | 1,843 | 3,439 |

| in € millions | Level 1: Quoted prices in active markets | Level 2: Observable market data | Level 3: Unobservable market data | Total as of 12/31/2022 |
|---|---|---|---|---|
| Loans | – | – | 31 | 31 |
| Minority stakes held by venture capital organizations | 78 | – | 1,119 | 1,197 |
| Fund-of-fund investments held by venture capital organizations | – | – | 150 | 150 |
| Financial instruments of the consolidated special fund | 10 | 115 | – | 125 |
| Sundry financial receivables | – | – | 14 | 14 |
| Other financial assets | 190 | 2 | 157 | 349 |
| Cash equivalents | – | 1,362 | – | 1,362 |
| Primary and derivative financial assets held for trading | – | 63 | – | 63 |
| Derivatives with hedge relation | – | 13 | – | 13 |
| | 278 | 1,555 | 1,471 | 3,304 |

It is possible to allocate the financial instruments measured at fair value in the balance sheet to the three levels of the fair value hierarchy by category, based on the tables showing carrying amounts and measurement categories for the respective financial year. The financial assets of level 1 are mainly attributable to RTL Group's minority stake in Magnite in the amount of €95 million (previous year: €123 million) and the minority stake in Teleperformance in the amount of €304 million, both measured at fair value through profit or loss. The financial assets of level 3 mainly pertain mainly to investments held by the Bertelsmann Investments division, which were recognized at fair value.

Level 2 financial assets primarily comprise investments in diversified money market funds reported as cash equivalents, which are measured at fair value through profit or loss and are subject to only insignificant fluctuations in value.

## 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 | Other financial assets | Total |
|---|---|---|---|---|---|---|
| Balance as of 1/1/2023 | 31 | 1,119 | 150 | 14 | 157 | 1,471 |
| Total gain (+) or loss (-) | 1 | (151) | (23) | (3) | (103) | (279) |
| – in profit or loss | 1 | (151) | (22) | (3) | (105) | (280) |
| – in other comprehensive income | – | – | (1) | – | 1 | – |
| Purchases | 17 | 71 | 29 | 565 | 40 | 722 |
| Transfers into level 3 (including first-time classification as level 3) | – | – | – | – | 7 | 7 |
| Transfers out of level 3 | – | – | – | – | (2) | (2) |
| Sales/settlements | (20) | (25) | (7) | (15) | (8) | (75) |
| Reclassifications and other changes | (5) | (8) | – | – | 11 | (2) |
| Balance as of 12/31/2023 | 24 | 1,007 | 148 | 562 | 102 | 1,843 |
| Gain (+) or loss (-) for assets still held at the end of the reporting period | 1 | (155) | (22) | (4) | (103) | (283) |

| in € millions | Loans | Minority stakes held by venture capital organizations | Fund-of-fund investments held by venture capital organizations | Sundry financial receivables | Other financial assets | Total |
|---|---|---|---|---|---|---|
| Balance as of 1/1/2022 | 25 | 970 | 137 | 7 | 223 | 1,362 |
| Total gain (+) or loss (-) | (10) | 55 | (2) | – | (47) | (4) |
| – in profit or loss | (10) | 55 | (2) | – | (46) | (3) |
| – in other comprehensive income | – | – | – | – | (1) | (1) |
| Purchases | 11 | 154 | 23 | 14 | 11 | 213 |
| Transfers into level 3 (including first-time classification as level 3) | 19 | – | – | – | 149 | 168 |
| Transfers out of level 3 | – | (22) | – | – | (43) | (65) |
| Sales/settlements | (10) | (42) | (8) | (7) | (136) | (203) |
| Reclassifications and other changes | (4) | 4 | – | – | – | – |
| Balance as of 12/31/2022 | 31 | 1,119 | 150 | 14 | 157 | 1,471 |
| Gain (+) or loss (-) for assets still held at the end of the reporting period | 1 | 34 | (2) | – | (61) | (28) |

The purchases of minority stakes and fund-of-fund investments held by venture capital organizations relate fully to various new and follow-up investments by the Bertelsmann Investments division, with a focus on the digital health sector, none of which were material on a standalone basis. The disposals of these two items also relate fully to the Bertelsmann Investments division, in particular the Bertelsmann Digital Media Investments fund. The purchases of the sundry financial receivables are mainly attributable to 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. A major portion of the sales in the financial year 2022 is attributable to the sale of RTL Group’s investment in VideoAmp, a US software and data company for media measurement. Further sales relate to the investment in Synergis and, within the Bertelsmann Investments division, mainly to the investments of the Bertelsmann Digital Media Investments fund. The transfers into and out of level 3 were immaterial in the financial year 2023. In the financial year 2022, the transfers into level 3 mainly related to the investment in the online education platform Udacity, which was previously accounted for as an associate and belongs to Bertelsmann Education Group, as a result of the change in the governance structure and the resulting loss of significant influence. Transfers out of level 3 were made in the financial year 2022 mainly at Bertelsmann Investments as a result of expiring lock-up periods.

### 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 | Total as of 12/31/2023 |
|---|---|---|---|---|
| Financial liabilities measured at fair value through profit or loss | – | – | 271 | 271 |
| Primary and derivative financial liabilities held for trading | – | 58 | – | 58 |
| Derivatives with hedge relation | – | 70 | – | 70 |
| | – | 128 | 271 | 398 |

| in € millions | Level 1: Quoted prices in active markets | Level 2: Observable market data | Level 3: Unobservable market data | Total as of 12/31/2022 |
|---|---|---|---|---|
| Financial liabilities measured at fair value through profit or loss | – | – | 68 | 68 |
| Primary and derivative financial liabilities held for trading | – | 200 | – | 200 |
| Derivatives with hedge relation | – | 84 | – | 84 |
| | – | 284 | 68 | 352 |

The decrease in negative fair values from financial derivatives is mainly attributable to currency derivatives that were concluded to hedge against exchange rate risks from intercompany financing. Reasons are, in particular, the depreciation of the US dollar against the euro and hedge prolongations at the respective quoted exchange rates.

### 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 1/1/2023 | 68 | 68 |
| Total gain (-) or loss (+) | 76 | 76 |
| – in profit or loss | 81 | 81 |
| – in other comprehensive income | (5) | (5) |
| Purchases | 145 | 145 |
| Settlements | (57) | (57) |
| Transfers into level 3 (including first-time classification as level 3) | 58 | 58 |
| Reclassifications and other changes | (20) | (20) |
| Balance as of 12/31/2023 | 271 | 271 |
| Gain (-) or loss (+) for liabilities still held at the end of the reporting period | 77 | 77 |

| in € millions | Financial liabilities measured at fair value through profit or loss | Total |
|---|---|---|
| Balance as of 1/1/2022 | 19 | 19 |
| Total gain (-) or loss (+) | (1) | (1) |
| – in profit or loss | – | – |
| – in other comprehensive income | (1) | (1) |
| Purchases | 65 | 65 |
| Settlements | (15) | (15) |
| Transfers out of/into level 3 | – | – |
| Balance as of 12/31/2022 | 68 | 68 |
| Gain (-) or loss (+) for liabilities still held at the end of the reporting period | – | – |

In the financial year 2023, the transfers into level 3 (including first-time classification as level 3) relate to liabilities from put options measured at fair value.

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 at the end of the reporting period. The fair value of forward exchange transactions is calculated using the middle spot prices at the end of the reporting period and taking into account forward markdowns and markups for the remaining term of the transactions. The fair value of interest rate derivatives is calculated on the basis of the respective market rates and yield curves at the end of the reporting period. The fair value of forward commodity transactions is derived from the stock exchange listings published at the end of the reporting period. Any mismatches to the standardized stock exchange contracts are reflected through interpolation or additions. The fair values of the money market funds correspond to the price quotations of funds not directly listed on the stock exchange.

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 level 1 and 2 during the financial years 2023 and 2022.

Financial assets and liabilities are offset on the balance sheet if master netting agreements or similar agreements allow the Bertelsmann Group and the counterparty to reach settlement on a net basis. Settlement on a net basis is thus legally valid both as part of ordinary business activities and in the event of payment default by one of the parties. In addition, Bertelsmann enters into transactions in financial derivatives that do not meet the criteria for offsetting on the balance sheet, as future events determine the right to offset. As of December 31, 2023, as in the previous year, no on-balance-sheet offsetting was performed, whereas there was a non-recognized offsetting potential of €63 million (previous year: €66 million) in connection with derivative financial instruments.

## Credit Risk

In accordance with IFRS 9, Bertelsmann uses a simplified approach to measure expected credit losses on trade receivables and contract assets. According to this, the loss allowance is measured using lifetime expected credit losses. For this purpose, impairment matrices based on historic bad debt losses, maturity bands and expected credit losses are prepared. The impairment matrices are created for division-specific or business unit-specific groups of receivables, each with similar default patterns. In addition, separate risk assessments are performed. Bertelsmann also considers other quantitative and qualitative information and analyses based on the Group's historical experience and reasonable assessments, including forward-looking information such as customer-specific information and forecasts of future economic conditions. Contract assets have substantially the same risk characteristics as trade receivables for the same types of contracts, so that the expected loss rates for trade receivables are also a reasonable approximation of the loss rates for contract assets.

Based on this, the loss allowance as of December 31, 2023, was determined as follows for both trade receivables and contract assets:

### Credit Risk for Trade Receivables and Contract Assets

| | Not credit-impaired | | | | |
|---|---|---|---|---|---|
| in € millions | Not overdue | Overdue 1 to 30 days | Overdue 31 to 90 days | Overdue more than 90 days | Credit-impaired |
| Expected loss rate (in percent) | 0.68 | 1.27 | 3.09 | 6.84 | n/a |
| Trade receivables and contract assets | 2,044 | 394 | 97 | 117 | 1,020 |
| Loss allowance for expected credit losses | (14) | (5) | (3) | (8) | (93) |
| Balance as of 12/31/2023 | 2,030 | 390 | 93 | 108 | 927 |

| | Not credit-impaired | | | | |
|---|---|---|---|---|---|
| in € millions | Not overdue | Overdue 1 to 30 days | Overdue 31 to 90 days | Overdue more than 90 days | Credit-impaired |
| Expected loss rate (in percent) | 0.78 | 1.10 | 3.08 | 8.09 | n/a |
| Trade receivables and contract assets | 2,548 | 453 | 130 | 136 | 926 |
| Loss allowance for expected credit losses | (20) | (5) | (4) | (11) | (105) |
| Balance as of 12/31/2022 | 2,528 | 448 | 126 | 125 | 821 |

The expected loss rates correspond to the average rates for the respective division-specific or business unit-specific groups of receivables. In the financial year 2023, impairment losses and reversals amounting to €-14 million (previous year: €-5 million) were recognized on trade receivables and contract assets.

The following table shows a reconciliation from the opening balance to the closing balance of loss allowances for trade receivables and contract assets in the financial year 2023:

### Reconciliation of Loss Allowance for Trade Receivables and Contract Assets

| in € millions | 2023 | 2022 |
|---|---|---|
| Balance as of 1/1 | (145) | (142) |
| Additions | (66) | (47) |
| Usage | 24 | 14 |
| Reversal | 52 | 42 |
| Change of consolidation scope | 11 | (12) |
| Exchange rate effects | 1 | – |
| Balance as of 12/31 | (123) | (145) |

Bertelsmann applies the general approach for all other financial assets that are subject to the expected credit loss model. The following table shows a reconciliation from the opening balances to the closing balances of loss allowances for the corresponding financial instruments:

### Reconciliation of Loss Allowance for Other Financial Assets

| in € millions | Loans | Sundry financial receivables | Purchased or originated financial assets which are credit-impaired | Total |
|---|---|---|---|---|
| Balance as of 1/1/2023 | (33) | (129) | (28) | (190) |
| Additions | (5) | (18) | (15) | (38) |
| Usage | 1 | 16 | – | 17 |
| Reversal | 1 | 11 | 6 | 18 |
| Change of consolidation scope | – | 1 | – | 1 |
| Exchange rate effects | – | 2 | – | 2 |
| Balance as of 12/31/2023 | (37) | (117) | (37) | (191) |
| – thereof 12-month expected credit loss | (33) | (12) | n/a | (45) |
| – thereof lifetime expected credit loss but not credit-impaired | – | (94) | n/a | (94) |
| – thereof lifetime expected credit loss and credit-impaired | (4) | (11) | n/a | (15) |

| in € millions | Loans | Sundry financial receivables | Purchased or originated financial assets which are credit-impaired | Total |
|---|---|---|---|---|
| Balance as of 1/1/2022 | (10) | (117) | (26) | (153) |
| Additions | (30) | (28) | (12) | (70) |
| Usage | 5 | 7 | – | 12 |
| Reversal | 3 | 8 | 10 | 21 |
| Change of consolidation scope | – | – | – | – |
| Exchange rate effects | (1) | 1 | – | – |
| Balance as of 12/31/2022 | (33) | (129) | (28) | (190) |
| – thereof 12-month expected credit loss | (32) | (13) | n/a | (45) |
| – thereof lifetime expected credit loss but not credit-impaired | – | (99) | n/a | (99) |
| – thereof lifetime expected credit loss and credit-impaired | (1) | (17) | n/a | (18) |

The impairment loss identified for cash and cash equivalents was immaterial in both the financial year 2023 and the previous year.

As in the previous year, the carrying amount of all receivables, loans and securities constitutes the Bertelsmann Group's maximum default risk as of the end of the reporting period.

The following table presents the contractually fixed undiscounted cash flows of the financial liabilities for settlement. The figures are based on undiscounted cash flows at the earliest date at which the Bertelsmann Group can be held liable for payment.

## Maturity Analysis for Non-Derivative Financial Liabilities

| | | Undiscounted cash flows | | | |
|---|---|---|---|---|---|
| in € millions | Carrying amount | Up to 1 year | 1 to 5 years | Over 5 years | Total |
| Profit participation capital | 413 | – | 413 | – | 413 |
| Fixed-interest bonds and promissory notes | 4,760 | 476 | 2,126 | 2,200 | 4,802 |
| Floating-rate bonds and promissory notes | 103 | – | 103 | – | 103 |
| Liabilities to banks | 152 | 88 | 64 | – | 152 |
| Other financial debt | 207 | 51 | 152 | 4 | 207 |
| Trade payables | 4,367 | 4,221 | 182 | 1 | 4,404 |
| Liabilities to participations | 19 | 19 | – | – | 19 |
| Other | 1,798 | 1,358 | 406 | 86 | 1,850 |
| Balance as of 12/31/2023 | 11,819 | 6,213 | 3,446 | 2,291 | 11,950 |
| Profit participation capital | 413 | – | – | 413 | 413 |
| Fixed-interest bonds and promissory notes | 4,883 | 146 | 1,852 | 2,949 | 4,947 |
| Floating-rate bonds and promissory notes | 98 | – | 54 | 45 | 99 |
| Liabilities to banks | 291 | 76 | 236 | – | 312 |
| Other financial debt | 205 | 56 | 227 | 4 | 287 |
| Trade payables | 3,988 | 3,843 | 140 | 5 | 3,988 |
| Liabilities to participations | 23 | 23 | – | – | 23 |
| Other | 1,782 | 1,402 | 323 | 88 | 1,813 |
| Balance as of 12/31/2022 | 11,683 | 5,546 | 2,832 | 3,504 | 11,882 |

Current cash outflows from financial liabilities are offset by planned cash inflows from receivables and other financial assets. To cover current cash flows, Bertelsmann SE & Co. KGaA also has adequate financial reserves in the amount of cash and cash equivalents and unutilized credit facilities existing at the end of the reporting period.

The maturity analysis for lease liabilities as of December 31, 2023, is presented in note 22 "Lease Liabilities."

Based on the remaining contractual terms of its financial liabilities at the end of the reporting period, the Bertelsmann Group will have to make the following future interest payments:

## Future Interest Payments

| | Undiscounted interest payments | | | |
|---|---|---|---|---|
| in € millions | Up to 1 year | 1 to 5 years | Over 5 years | Total |
| Profit participation capital | 45 | 181 | – | 226 |
| Bonds and promissory notes | 115 | 347 | 64 | 526 |
| Liabilities to banks | 14 | 7 | – | 21 |
| Other financial debt | 12 | 14 | – | 26 |
| Balance as of 12/31/2023 | 186 | 549 | 64 | 799 |
| Profit participation capital | 45 | 181 | 45 | 271 |
| Bonds and promissory notes | 102 | 413 | 123 | 638 |
| Liabilities to banks | 22 | 33 | – | 55 |
| Other financial debt | 11 | 23 | – | 34 |
| Balance as of 12/31/2022 | 180 | 650 | 168 | 998 |

### Financial Services Related to Receivables Acquired and Sold

In certain individual cases, Bertelsmann sells receivables purchased from third parties to financial intermediaries. The receivables sold relate primarily to short-term receivables, some covered by credit insurance, that Riverty acquires from third parties in the course of conducting its financial services, and some of which it resells to financial intermediaries on an ongoing basis. This business can be changed at any time during the year. As part of the contractual agreements on the sale of receivables, substantially neither all the rewards nor all risks that are associated with the receivables were transferred or retained. This relates in particular to possible defaults and late payments of receivables sold, so that a receivable was accounted for in the amount of the continuing involvement of €220 million (previous year: €183 million). The carrying amount of the associated liability is €231 million (previous year: €197 million). The underlying volume of receivables sold amounts to €909 million as of the end of the reporting period (previous year: €794 million).

### Risk Management of Financial Instruments

### Financial Risk Management

The Bertelsmann Group is exposed to various forms of financial risk through its international business operations. Above all, this includes the effects of changes in foreign exchange rates and interest rates. Bertelsmann's risk management activities are designed to effectively mitigate these risks. The Executive Board establishes basic risk management policies, outlining general procedures for hedging currency and interest rate risks and the utilization of derivative financial instruments. The Central Financial Department advises subsidiaries on operating risks and hedges risks using derivative financial instruments as necessary. However, subsidiaries are not obliged to use the services provided by this department for their operating risks. Some subsidiaries, such as RTL Group in particular, have their own finance department. They report their hedge transactions to the Central Finance Department each quarter. Further information on financial market risks and financial risk management is presented in the Combined Management Report.

### Currency Risk

The Bertelsmann Group is exposed to exchange rate risk in various foreign currencies. Its subsidiaries are advised, but not obliged, to hedge themselves against foreign currency risks in the local reporting currency by signing forward agreements with banks that have a high credit rating. Loans within the Bertelsmann Group that are subject to currency risk are hedged using derivative financial instruments. If foreign currency transactions designated as hedging instrument adequately meet effectiveness requirements, hedge accounting as defined by IFRS 9 is applied under the cash flow hedge model. A number of subsidiaries are based outside the eurozone. The resulting translation risks to the leverage factor (ratio of economic debt to operating EBITDA adjusted) is managed over the long term by aligning the debt in the main foreign currencies with the current leverage factor and the maximum permitted leverage of 2.5 for the entire Group.

### Interest Rate Risk

There are interest rate risks for interest-bearing assets and financial debt. Interest rate risk in the Bertelsmann Group is analyzed centrally and managed on the basis of the Group's planned net financial debt. A key factor in this management is the Group's interest result over time and its sensitivity to interest rate changes. The Group aims for a balanced relationship between floating rates and long-term fixed-interest rates, under consideration of the absolute amount, forecast performance of the interest-bearing liability and interest level. This is implemented using underlying and derivative financial instruments for control.

### Liquidity Risk

Liquidity risks may arise through a lack of rollover financing (liquidity risk in a narrow sense), delayed receipt of expected payment and unforeseen expenditure (budgeting risk). Budgeting risk is determined by comparing deviations in actual spending with budget and reserve amounts. In a narrow sense, liquidity risk depends on the volume of debt due within a given period. Liquidity risk is monitored on an ongoing basis with reference to the budget for current and future years. New and unplanned transactions (e.g., acquisitions) are continuously tracked. The maturity profile of financial assets and liabilities is also reconciled on a regular basis. Budget risks are managed through effective cash management and constant monitoring of projected versus actual cash flows. Debt maturities are also diversified over the time to ensure that rising financing costs do not have a short-term impact. Credit facilities with banks are also maintained for unplanned expenditures.

### Counterparty Risk

The Bertelsmann Group is exposed to default risks in the amount of the invested cash and cash equivalents and the positive fair value of the derivatives in its portfolio. Transactions involving money market securities and other financial instruments are exclusively conducted with a defined group of banks with a high credit rating (“core banks”). The credit ratings of core banks are constantly monitored and classified on the basis of quantitative and qualitative criteria (rating, CDS spreads, stock price, etc.). Counterparty limits determined on the basis of credit ratings refer to cash holdings and positive fair values of the derivatives in its portfolio. The drawdown of limits is monitored on a regular basis. Funds are invested in very short-term portfolios in some cases to preserve flexibility in the event of credit rating changes. Furthermore, cash and cash equivalents are held in money market funds with high credit ratings for the purpose of risk diversification. Default risks arising from trade receivables are partially mitigated through credit insurance coverage. The Bertelsmann Group has obtained credit collateralization in the amount of €679 million for these receivables (previous year: €662 million).

### Capital Management

The financing guidelines adopted by the Bertelsmann Group are designed to ensure a balance between financing security, return on equity and growth. The Group’s indebtedness is based specifically on the requirements for a credit rating of “Baa1/BBB+.” Financial management at Bertelsmann is conducted using quantified financing objectives that are a central factor in ensuring the Group’s independence and capacity to act. These objectives, as elements of the planning process and regular monitoring, are broadly defined performance indicators. The key performance indicator for limiting economic debt within the Bertelsmann Group is a maximum leverage factor of 2.5. As of December 31, 2023, the leverage factor was 1.8 (previous year: 1.8). In addition, the coverage ratio is to remain above four. The coverage ratio amounted to 8.3 on December 31, 2023 (previous year: 11.1). The equity ratio is not to fall below 25 percent of total assets. Management of the equity ratio is based on the definition of equity in IFRS. Although minority interests in partnerships represent equity in financial terms, they are classified as debt for accounting purposes. As of December 31, 2023, the equity ratio was 46.5 percent (previous year: 45.8 percent), meeting the internal financial target set by the Group.

### Interest Rate and Currency Sensitivity

For the analysis of interest rate risk, a distinction is made between cash flow and present value risks. Financial debt, cash and cash equivalents and interest rate derivatives with variable-interest terms are subject to a greater degree of cash flow risk, as changes in market interest rates impact the Group’s interest result almost immediately. In contrast, medium- and long-term interest rate agreements are subject to a greater degree of present value risks. The accounting treatment of present value risks depends on the respective financial instrument or a hedging relationship documented in conjunction with a derivative (micro-hedge). Upon initial recognition, originated financial debt is measured at fair value less transaction costs. Subsequent measurement is based on amortized cost. Changes in fair value are generally limited to opportunity effects, as changes in interest rates have no effect on the balance sheet or the income statement. Where primary financial liabilities and derivative hedging transactions are designated as fair value hedges, changes in the fair value of the hedged item and the hedging instrument due to changes in interest rates almost completely offset each other. Furthermore, the effects of derivative financial instruments from interest rate changes are generally recognized in the income statement. In the case of documented hedging relationships (cash flow hedges), however, these effects are recognized in other comprehensive income.

The cash flow or present value risks existing at the end of the reporting periods are analyzed using a sensitivity calculation as an after-tax observation. A parallel shift in the interest rate curve of plus or minus 1 percent is assumed for all significant currencies. The analysis is performed on the basis of financial debt, cash and cash equivalents, and derivatives at the end of the reporting period. The underlying total risk position amounts to €1,951 million (previous year: €1,822 million). The results are shown in the following table:

### Sensitivity Analysis of Cash Flow and Present Value Risks

| | 12/31/2023 | | 12/31/2022 | |
|---|---|---|---|---|
| in € millions | Shift +1% | Shift -1% | Shift +1% | Shift -1% |
| Cash flow risks (income statement) | 14 | (14) | 13 | (13) |
| Present value risks (income statement) | – | – | 2 | (2) |
| Present value risks (equity) | 7 | (7) | 1 | (1) |

The analysis of foreign currency sensitivity includes the Group's financial debt and operating transactions at the end of the reporting period and the hedging relationships entered into. The calculation is performed for the unsecured net exposure on the basis of an assumed 10 percent appreciation of the euro versus all foreign currencies, and is presented after tax. Based on a total risk position of €55 million (previous year: €306 million), a uniform devaluation of foreign currencies would have resulted in a change in the carrying amount recognized in profit or loss of €-4 million (previous year: €-21 million). Thereof, €-4 million (previous year: €-12 million) relates to fluctuations in the US dollar exchange rate with a net exposure of US$60 million (previous year: US$192 million). Shareholders' equity would have changed by €-15 million (previous year: €-16 million) as a result of fluctuations in the fair values of documented cash flow hedges. Thereof, €-16 million (previous year: €-16 million) relates to fluctuations in the US dollar exchange rate on the basis of a documented cash flow hedge volume of US$250 million (previous year: US$243 million). If there had been a uniform increase in the value of foreign currencies, this would have led to opposite changes in these amounts for the Bertelsmann Group.

### Other Price Risks and Sensitivity

The valuation model for the minority stakes in the Bertelsmann Investments division comprises an extensive portfolio of more than 360 investments in companies and other funds, the vast majority of which are classified in level 3 of the fair value hierarchy. Due to the numerous inputs, some of which are only relevant for subsets of the portfolio, developing a meaningfully interpretable sensitivity indication for the model addressing the specifics of the valuation objects in the venture capital environment is only possible to a limited extent – in contrast to traditional discounted cash flow or multiplier-based models. This, together with the fragmented size structure and the fact that no meaningful and feasible alternative assumptions can be derived for a variety of inputs – such as the maturity structure underlying the life-cycle model – necessitates a restriction of sensitivity information in quantitative terms to the fungibility discounts for fund-of-fund investments held by venture capital organizations and to the effects of contractual lockups for listed instruments: As of December 31, 2023, the valuation of fund-of-fund investments held by venture capital organizations would have been €57 million (previous year: €61 million) higher excluding fungibility discounts. Excluding fungibility discounts due to contractual lockups, the valuation of listed instruments would have increased by €23 million (previous year: €0 million) as of December 31, 2023.

## Financial Derivatives

Bertelsmann uses standard market financial derivatives, primarily unlisted (OTC) instruments. These include, in particular, forward agreements, currency swaps, currency options, interest rate swaps and occasional commodities forwards. Transactions are entered into solely with banks with a high credit rating. As a rule, the Central Financial Department's transactions are only performed with a group of banks approved by the Executive Board. The nominal volume is the total of all underlying buying and selling amounts of the respective transactions.

The majority of the financial derivatives at the end of the reporting period with a gross nominal volume of €7,191 million (previous year: €7,110 million) are used to hedge currency rate risks from intercompany financing activities. These financial derivatives account for a total of €3,520 million or 49 percent as of the balance sheet date (previous year: €3,342 million or 47 percent). The average forward price for the main hedges in US dollars that meet the requirements for hedge accounting is 1.15. A total of €2,316 million or 32 percent (previous year: €2,553 million or 36 percent) is due to financial derivatives used to hedge currency risks from operating business as of the end of the reporting period. The average forward price for the main hedges in US dollars that meet the requirements for hedge accounting is 1.11. Financial derivatives are also used to hedge against interest rate risks from interest-bearing receivables and liabilities. By entering into interest rate derivatives designated as fair value hedges, changes in the fair value of the hedged item and the hedging instrument due to changes in interest rates almost completely offset each other. However, changes in interest rates have an impact on the amount of interest payments and therefore also on the interest result (note 6 "Interest Income and Interest Expenses"). Further hedges of interest rate risks have an impact either on other operating income or expenses (note 2 "Other Operating Income" or note 5 "Other Operating Expenses") or on interest income or expenses (note 6 "Interest Income and Interest Expenses"), or on other financial income or expenses (note 7 "Other Financial Income and Expenses"). Financial derivatives are used exclusively for hedging purposes.

All relationships between hedging instruments and hedged items are documented, in addition to risk management objectives and strategies in connection with the various hedges. This method includes linking all derivatives used for hedging purposes to the underlying assets, liabilities, firm commitments and forecasted transactions. Furthermore, the Bertelsmann Group assesses and documents the degree to which changes in the fair values or cash flows of hedged items are effectively offset by changes in the corresponding derivatives used as hedging instruments, both when the hedges are initiated and on an ongoing basis.

## Nominal Volume and Fair Values of Financial Derivatives

| | 12/31/2023 | | | | |
|---|---|---|---|---|---|
| | Nominal volume | | | | Fair value |
| in € millions | < 1 year | 1 to 5 years | > 5 years | Total | |
| **Currency derivatives** | | | | | |
| Forward contracts and currency swaps | 4,593 | 1,239 | 4 | 5,836 | (19) |
| – without hedge relation | 4,135 | 158 | 4 | 4,296 | (12) |
| – in connection with cash flow hedges | 458 | 1,082 | – | 1,540 | (7) |
| **Interest rate derivatives** | | | | | |
| Interest rate swaps | 970 | 385 | – | 1,355 | (36) |
| – without hedge relation | 105 | 25 | – | 130 | (3) |
| – in connection with cash flow hedges | 465 | 60 | – | 525 | (6) |
| – in connection with fair value hedges | 400 | 300 | – | 700 | (27) |
| | 5,563 | 1,624 | 4 | 7,191 | (56) |

| | 12/31/2022 | | | | |
|---|---|---|---|---|---|
| | Nominal volume | | | | Fair value |
| in € millions | < 1 year | 1 to 5 years | > 5 years | Total | |
| **Currency derivatives** | | | | | |
| Forward contracts and currency swaps | 4,493 | 1,265 | 237 | 5,995 | (167) |
| – without hedge relation | 4,190 | 967 | 237 | 5,394 | (136) |
| – in connection with cash flow hedges | 303 | 298 | – | 601 | (31) |
| **Interest rate derivatives** | | | | | |
| Interest rate swaps | 375 | 740 | – | 1,115 | (41) |
| – without hedge relation | 230 | – | – | 230 | (1) |
| – in connection with cash flow hedges | 145 | 40 | | 185 | 1 |
| – in connection with fair value hedges | – | 700 | – | 700 | (41) |
| | 4,868 | 2,005 | 237 | 7,110 | (208) |

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows, particularly in connection with foreign currency risk relating to the purchase and sale of program rights and output deals for the TV business. Bertelsmann hedges between 80 percent and 100 percent of the short-term (within one year) future cash flows, and between 10 percent and 80 percent of the longer-term (two to five years) future cash flows. As a rule, the derivatives used are recognized as cash flow hedges, taking into account the volume of the cash flows to be hedged. In individual cases, the Group also hedges certain foreign currency risks arising from intercompany monetary items. In addition, interest rate swaps concluded to hedge interest rate risks are designated as cash flow hedges.

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 financial year 2023, €3 million (previous year: €11 million) from the cash flow hedge reserve was recognized as a reduction of the initial costs of non-financial assets. The amount of €-24 million relating to cash flow hedges (previous year: €39 million) was 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 income” in non-operating foreign exchange gains (€35 million) and the item “Other financial expenses” in other non-operating expenses from derivatives (€-10 million). The portion remaining in accumulated other comprehensive income as of December 31, 2023, will mainly impact the income statement in the years to come. 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 in the previous year, there was a minor ineffective portion of cash flow hedges as of December 31, 2023.

In the financial year 2023, 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 €18 million (previous year: decrease of €39 million). The carrying amount of the hedged item (including cumulative fair value adjustments) amounts to €920 million as of the end of the reporting period (previous year: €901 million). As in the previous year, there was a minor ineffective portion of fair value hedges as of December 31, 2023.

The following table provides an overview of the carrying amounts of the derivative financial instruments, which correspond to their fair values. A distinction is made between derivatives that are included in an effective hedging relationship in accordance with IFRS 9 and those that are not.

### Derivative Financial Instruments

| in € millions | Carrying amount 12/31/2023 | Carrying amount 12/31/2022 |
|---|---|---|
| **Assets** | | |
| Forward contracts and currency swaps | | |
| – without hedge relation | 42 | 63 |
| – in connection with cash flow hedges | 30 | 12 |
| Interest rate swaps | | |
| – in connection with cash flow hedges | – | 1 |
| **Equity and liabilities** | | |
| Forward contracts and currency swaps | | |
| – without hedge relation | 54 | 199 |
| – in connection with cash flow hedges | 37 | 43 |
| Interest rate swaps | | |
| – without hedge relation | 3 | 1 |
| – in connection with cash flow hedges | 6 | – |
| – in connection with fair value hedges | 27 | 41 |

The following table presents the remaining terms of the contractual amounts to be exchanged in a derivative financial instrument for which gross cash flows are exchanged:

### Liabilities from Derivatives with Gross Settlement

| | Remaining term of liabilities | | |
|---|---|---|---|
| in € millions | Up to 1 year | 1 to 5 years | Over 5 years |
| Cash outflow | (3,025) | (455) | – |
| Cash inflow | 2,947 | 436 | – |
| Balance as of 12/31/2023 | (78) | (19) | – |
| Cash outflow | (3,702) | (1,055) | (314) |
| Cash inflow | 3,510 | 927 | 274 |
| Balance as of 12/31/2022 | (192) | (128) | (40) |

## 26 Cash Flow Statement

The Bertelsmann consolidated cash flow statement has been prepared in accordance with IAS 7 and is used to evaluate the Group’s ability to generate cash and cash equivalents. Cash flows are divided into those relating to operating activities, investing activities and financing activities. Cash flows from operating activities are presented using the indirect method, whereby Group earnings before interest and taxes are adjusted for the effects of a non-cash nature, any deferrals or accruals of past or future operating receipts or payments (including provisions), and items of income or expense associated with cash flows from investing activities. In addition, cash flows arising from income taxes and interest received are classified as cash flows from operating activities as well as other cash flows that are neither investing nor financing.

The change in provisions for pensions and similar obligations represents the balance of personnel costs for pensions and similar obligations and company payments for these obligations (further explanations are presented in note 18 “Provisions for Pensions and Similar Obligations”). Contributions to pension plans totaling €-15 million (previous year: €-18 million) were also included in this item. “Other effects” of the cash flow from operating activities mainly include the adjustments of results from investments accounted for using the equity method, taking into account dividends received from these investments, and adjustments in connection with non-cash income and expenses.

The consolidated cash flow statement includes the effects of changes in foreign currencies and changes in the scope of consolidation. Items in the consolidated cash flow statement thus cannot be reconciled with changes in items reported on the consolidated balance sheet. Investing activities include payments for investments in non-current assets and purchase price payments for acquisitions as well as proceeds from the disposal of non-current assets and investments. Further explanations concerning acquisitions made during the financial year are presented in the section “Acquisitions and Disposals.” Disposals made during the financial year are also presented separately in that section. Financial debt of €13 million (previous year: €309 million) was assumed during the financial year 2023. In the financial year 2023, losing control of subsidiaries or other businesses resulted in the disposal of financial debt in the amount of €125 million (previous year: immaterial amount), €124 million of this amount resulted from the disposal of the interest in Majorel.

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). Total cash outflows from leases amounted to €-386 million (previous year: €-358 million) in the financial year 2023. The item “Change in equity” amounts to €-139 million, of which €-114 million relates to the acquisition of additional Afya shares. In the previous year, the item “Change in equity” amounted to €-187 million, of which €-99 million related to the acquisition of additional Afya shares and €-55 million to the acquisition of the remaining shares in Eureka through the exercise of a call option. The increase of the item “Other effects” in the “Cash flow from financing activities” is mainly attributable to derivative currency hedging transactions in connection with intercompany loans maturing in 2023.

The following tables show the cash changes and non-cash changes of liabilities including accrued interest arising from financing activities:

## Changes in Liabilities Arising from Financing Activities

| | | Cash changes | Non-cash changes | | | | |
|---|---|---|---|---|---|---|---|
| in € millions | 1/1/2023 | | Acquisitions through business combinations | Reductions through disposal of investments | Exchange rate changes | Other changes | 12/31/2023 |
| Bonds | 4,706 | (254) | – | – | 5 | 146 | 4,603 |
| Promissory notes | 325 | – | – | – | – | – | 325 |
| Liabilities to banks | 295 | (47) | 6 | (124) | 4 | 20 | 154 |
| Lease liabilities | 1,537 | (386) | 15 | (142) | (16) | 325 | 1,333 |
| Other financial debt | 209 | (7) | 7 | (2) | 6 | (2) | 211 |
| Liabilities arising from financing activities | 7,072 | (694) | 28 | (268) | (1) | 489 | 6,626 |

| in € millions | 1/1/2022 | Cash changes | Non-cash changes | | | | 12/31/2022 |
|---|---|---|---|---|---|---|---|
| | | | Acquisitions through business combinations | Reductions through disposal of investments | Exchange rate changes | Other changes | |
| Bonds | 5,112 | (479) | – | – | (3) | 76 | 4,706 |
| Promissory notes | 325 | – | – | – | – | – | 325 |
| Liabilities to banks | 174 | (28) | 145 | – | (8) | 12 | 295 |
| Lease liabilities | 1,356 | (358) | 170 | (1) | (1) | 371 | 1,537 |
| Other financial debt | 59 | (11) | 165 | – | (13) | 9 | 209 |
| Liabilities arising from financing activities | 7,026 | (876) | 480 | (1) | (25) | 468 | 7,072 |

In financial years 2023 and 2022, the other non-cash changes mainly relate to newly concluded lease contracts.

The following tables show the changes in net liabilities arising from financing activities:

### Changes in Net Liabilities Arising from Financing Activities

| in € millions | 2023 | 2022 |
|---|---|---|
| Net liabilities arising from financing activities as of 1/1 | (3,844) | (2,381) |
| Cash flow from operating activities | 1,915 | 1,382 |
| Cash flow from investing activities | (539) | (1,118) |
| Dividends and changes in equity, additional payments | (636) | (700) |
| Exchange rate changes and other changes in net liabilities arising from financing activities | (568) | (1,027) |
| Net liabilities arising from financing activities as of 12/31 | (3,672) | (3,844) |

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.

## 27 Segment Reporting

IFRS 8 Operating Segments requires that external segment reporting must be based on the internal organizational and management structure, and on management and reporting indicators used internally. 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.

In April 2023, Bertelsmann announced the renaming of its services and printing businesses. Since then, the Arvato division has been operating under the name Arvato Group. The direct marketing and printing activities of the Bertelsmann Printing Group division are now provided under the name Bertelsmann Marketing Services. Also in April, the content agency Territory was transferred from Bertelsmann Investments to Bertelsmann Marketing Services with retroactive effect from January 1, 2023. Territory’s recruiting and employer branding services, combined under the Embrace brand, were carved out from the agency and remain in the Bertelsmann Investments division. The figures for the financial year 2022 for Bertelsmann Marketing Services, Bertelsmann Investments and Corporate have been adjusted.

Corporate is mainly responsible for activities in the areas of taxes, legal, human resources, information technology, internal audit, accounting and reporting, corporate communications and management, internal control and strategic development of the Group, securing the required financing, risk management and optimization of the Group’s investment portfolio.

Intersegment eliminations are included in the column “Consolidation.”

As in the past, specific segment information is defined according to the definitions on which Group management is based. As a rule, accounting and measurement in the segment reporting uses the same IFRS principles as in the Consolidated Financial Statements. Invested capital is calculated on the basis of the Group’s operating assets less non-interest-bearing operating liabilities. Intercompany revenues are recognized using the same arm’s-length conditions applied to transactions with third parties.

Operating EBITDA adjusted serves as a key performance indicator for a sustainable determination of operating result. Assessment of the operating segments’ performance is also based on this performance indicator. Operating EBITDA adjusted represents the operating earnings generated by the respective segment management before interest and taxes, as well as amortization/depreciation, impairment and reversals, and it is adjusted for special items. Elimination of these special items allows the determination of a normalized performance indicator, thus simplifying forecasting and comparability. Segment amortization/depreciation, impairment and reversals relate to property, plant and equipment and right-of-use assets, and to intangible assets as set out in notes 9 “Intangible Assets” and 10 “Property, Plant and Equipment and Right-of-Use Assets.” 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. The business development of the venture capital organizations of Bertelsmann Investments is presented primarily on the basis of EBIT.

Each segment shows the investments accounted for using the equity method and their results, provided these companies can be clearly allocated to the segment concerned. In addition to the segment breakdown, revenues are broken down by customer location and revenue source. Non-current assets are also stated according to the location of the respective company.

Tabular segment information is presented on page 75 f.

The following table shows the reconciliation of segment information to the Consolidated Financial Statements:

## Reconciliation of Segment Information to Group Profit or Loss

| in € millions | 2023 | 2022 |
|---|---|---|
| Operating EBITDA adjusted from continuing operations | 3,119 | 3,192 |
| Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets | (1,259) | (1,099) |
| Adjustments on amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets included in special items | 128 | 22 |
| Special items | (88) | (562) |
| EBIT | 1,899 | 1,553 |
| Financial result | (337) | (258) |
| Earnings before taxes from continuing operations | 1,563 | 1,295 |
| Income tax expense | (237) | (246) |
| Earnings after taxes from continuing operations | 1,326 | 1,049 |
| Earnings after taxes from discontinued operations | – | 3 |
| Group profit or loss | 1,326 | 1,052 |

## 28 Related Party Disclosures

For the Bertelsmann Group, related parties as defined in IAS 24 are those persons and entities that control or exercise a significant influence over the Bertelsmann Group, and those persons and entities controlled or jointly controlled by the Bertelsmann Group, or over which it exercises a significant influence. Accordingly, certain members of the Mohn family, the members of the Executive Board of Bertelsmann Management SE as the general partner, and the Supervisory Board of Bertelsmann SE & Co. KGaA, including close members of their families and including the companies that are controlled or jointly managed by them, and the joint ventures and associates forming part of the Bertelsmann Group and their subsidiaries, are defined as related parties. Furthermore, Bertelsmann Pension Trust e. V. is considered a related party (further details on this are presented in note 18 “Provisions for Pensions and Similar Obligations”).

Bertelsmann Verwaltungsgesellschaft mbH (BVG), Gütersloh, a holding company with no operating activities, has control of the Bertelsmann Group. Johannes Mohn GmbH has informed Bertelsmann SE & Co. KGaA that it directly owns more than 50 percent of the shares in Bertelsmann Management SE and of Bertelsmann SE & Co. KGaA. Reinhard Mohn Verwaltungsgesellschaft mbH continues to own more than one quarter of the shares in Bertelsmann Management SE and in Bertelsmann SE & Co. KGaA, respectively.

In the legal form of a KGaA, the business is managed by a general partner. In the case of Bertelsmann SE & Co. KGaA, Bertelsmann Management SE, represented by its Executive Board, is responsible for the management of the business. The statutory bodies consist of the Supervisory Board and the General Meeting at the Bertelsmann SE & Co. KGaA level and the Executive Board, Supervisory Board and General Meeting at the Bertelsmann Management SE level. The Supervisory Board of the KGaA is elected by the limited partners at the General Meeting. The members of the Bertelsmann Management SE Supervisory Board are appointed at the General Meeting of Bertelsmann Management SE. BVG controls the voting rights at the Bertelsmann SE & Co. KGaA and Bertelsmann Management SE General Meeting.

Remuneration for key management personnel includes the following:

### Remuneration for Key Management Personnel

| in € millions | 2023 | 2022 |
|---|---|---|
| Short-term employee and termination benefits | 15 | 30 |
| Post-employment benefits | – | 2 |
| Other long-term benefits | 6 | 10 |

The remuneration shown also includes remuneration for activities by the members of the Supervisory Board of Bertelsmann SE & Co. KGaA on the Supervisory Board of Bertelsmann Management SE. Transactions with subsidiaries included in the scope of consolidation are eliminated and are not further disclosed.

In addition to transactions with consolidated subsidiaries, the following transactions with related parties and entities were conducted:

### Transactions with Related Parties

| in € millions | Parent and entities with significant influence | Key members of management | Joint ventures | Associates | Other related parties |
|---|---|---|---|---|---|
| 2023 | | | | | |
| Goods delivered and services provided to | – | 1 | 20 | 48 | – |
| Goods and services received from | – | (2) | (17) | (30) | (1) |
| Receivables from | – | – | 11 | 22 | – |
| Amounts owed to | – | 36 | 17 | 20 | 32 |
| 2022 | | | | | |
| Goods delivered and services provided to | – | 1 | 34 | 53 | – |
| Goods and services received from | – | (2) | (16) | (35) | (1) |
| Receivables from | – | – | 13 | 30 | – |
| Amounts owed to | – | 60 | 15 | 24 | 34 |

The amounts owed to key members of management include pension obligations, variable remuneration components and long-term incentives. The item “Other related parties” primarily includes transactions with the general partner Bertelsmann Management SE. The obligations as of the end of the reporting period result from recharged expenses.

### Other Transactions with Joint Ventures and Associates

| in € millions | 2023 | 2022 |
|---|---|---|
| **Outstanding contingent liabilities by** | | |
| – joint ventures | 1 | 4 |
| – associates | 9 | 9 |
| **Contribution obligations to** | | |
| – associates | 10 | 13 |
| **Capital contributions to** | | |
| – joint ventures | 4 | 44 |
| – associates | 1 | 4 |
| **Capital distributions from** | | |
| – associates | 15 | 24 |
| **Loans granted to** | | |
| – joint ventures | 18 | 35 |
| – associates | – | – |
| **Loans received from** | | |
| – joint ventures | 2 | 2 |
| – associates | – | – |
| **Impairment on loans to** | | |
| – joint ventures | – | 28 |

In the financial year 2023, the contribution obligations to associates and the capital distributions from associates are fully (previous year: mainly) attributable to the University Ventures Funds. In the financial year 2022, the impairment on loans to joint ventures related to the impairment of a loan provided by Groupe M6 to the joint venture Salto (a streaming platform held jointly by Groupe M6, TF1 and France Télévisions).

## 29 Events after the Reporting Period

In December 2023, Penguin Random House signed an agreement for the acquisition of 100 percent of the shares in book publisher Hay House. Hay House is one of the leading publishers of self-help, health and wellness in the Unites States. In accordance with IFRS 3, the acquisition date is January 2, 2024. The transaction will be accounted for as a business combination in accordance with IFRS 3. At the time the Consolidated Financial Statements were prepared, the purchase price allocation considering the preliminary estimated consideration of €80 million was at a very preliminary stage.

In February 2024, Fremantle reached an agreement with Oaktree Capital Management, subject to customary closing conditions, to fully acquire 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 transaction will be accounted for as a business combination in accordance with IFRS 3. At the time the Consolidated Financial Statements were prepared, the purchase price allocation considering the preliminary estimated consideration of €125 million was at a very preliminary stage.

Also in February 2024, Fremantle acquired an 80 percent interest in the Asian production company Beach House Pictures. The Singapore-based company has a base in China and partners in Southeast Asia, Korea, Japan and India. They specialize in creating and co-financing original intellectual property across non-scripted content but also scripted, entertainment and brand-funded programming for all major regional and international platforms. The transaction will be accounted for as a business combination in accordance with IFRS 3. At the time the Consolidated Financial Statements were prepared, the purchase price allocation considering the preliminary estimated consideration of €11 million was at a very preliminary stage.

In March 2024, Groupe M6 announced that it acquired the exclusive free-to-air TV rights for the majority of the matches of the FIFA World Cup in 2026 and 2030 – representing 54 matches for each tournament. This significant acquisition strengthens Groupe M6's event-based, free-to-air sports offering and its streaming service M6+.

## 30 Exemption for Subsidiaries in Accordance with Sections 264 (3) and 264b of the German Commercial Code (HGB)

The following subsidiaries took advantage of the exemption regulations set out in section 264 (3) of the German Commercial Code (HGB) for the financial year ended December 31, 2023. The Bertelsmann Consolidated Financial Statements are the exempting Consolidated Financial Statements for these subsidiaries.

| Name of the entity | Place |
|---|---|
| 99 pro media GmbH | Leipzig |
| adality GmbH | Gütersloh |
| Ad Alliance GmbH | Cologne |
| adjoe GmbH | Hamburg |
| AppLike Group GmbH | Hamburg |
| arvato distribution GmbH | Harsewinkel |
| Arvato SE | Gütersloh |
| arvato services Dresden GmbH | Dresden |
| Arvato Systems Digital GmbH | Leipzig |
| arvato systems GmbH | Gütersloh |
| Ausbildung.de GmbH | Bochum |
| AVE Gesellschaft für Hörfunkbeteiligungen mbH | Berlin |
| AZ Direct Beteiligungs GmbH | Gütersloh |
| AZ Direct GmbH | Gütersloh |
| BAG Business Information Beteiligungs GmbH | Gütersloh |
| BAI GmbH | Gütersloh |
| BCE Germany GmbH | Cologne |
| BDMI GmbH | Gütersloh |

| Name of the entity | Place |
|---|---|
| BePeople GmbH | Gütersloh |
| Bertelsmann Aviation GmbH | Gütersloh |
| Bertelsmann Capital Holding GmbH | Gütersloh |
| Bertelsmann China Holding GmbH | Gütersloh |
| Bertelsmann Data Services GmbH | Gütersloh |
| Bertelsmann Global Business Services GmbH | Gütersloh |
| Bertelsmann Global Business Services Schwerin GmbH | Schwerin |
| Bertelsmann Investments Digital Health GmbH | Gütersloh |
| Bertelsmann Transfer GmbH | Gütersloh |
| Bertelsmann Treuhand- und Anlagegesellschaft mit beschränkter Haftung | Gütersloh |
| BMG Live Entertainment GmbH | Berlin |
| BMG Production Music (Germany) GmbH | Berlin |
| BMG RIGHTS MANAGEMENT (Europe) GmbH | Berlin |
| BMG RIGHTS MANAGEMENT GmbH | Berlin |
| Campaign Services Neckarsulm GmbH | Neckarsulm |
| Campaign Services Offenbach GmbH | Frankfurt am Main |

| Name of the entity | Place |
|---|---|
| Checkout Charlie GmbH | Berlin |
| Chefkoch GmbH | Bonn |
| CLT-UFA Germany GmbH | Cologne |
| COUNTDOWN MEDIA GmbH | Hamburg |
| Der Audio Verlag GmbH | Berlin |
| DeutschlandCard GmbH | Munich |
| Digital Media Hub GmbH | Cologne |
| Direct Analytics GmbH | Gütersloh |
| direct services Gütersloh GmbH | Gütersloh |
| Dorling Kindersley Verlag GmbH | Munich |
| DPV Deutscher Pressevertrieb GmbH | Hamburg |
| Eat the World GmbH | Berlin |
| EMBRACE GmbH | Gütersloh |
| Erste TD Gütersloh GmbH | Gütersloh |
| Erste WV Gütersloh GmbH | Gütersloh |
| European SCM Services GmbH | Gütersloh |
| frechverlag GmbH | Stuttgart |
| FremantleMedia International Germany GmbH | Potsdam |
| FT Studios GmbH | Hamburg |
| GGP Media GmbH | Pößneck |
| G+J Digital Ventures GmbH | Berlin |
| G+J Electronic Media Sales GmbH | Hamburg |
| G+J LIVING Digital GmbH | Hamburg |
| G+J Medien GmbH | Hamburg |
| G+J Vermietungsgesellschaft Sächsischer Verlag mbH | Dresden |
| Global Assekuranz Vermittlungsgesellschaft mit beschränkter Haftung | Gütersloh |
| GR Apps GmbH | Hamburg |
| Gruner + Jahr Deutschland GmbH | Hamburg |
| Henri-Nannen-Schule Gruner+Jahr/DIE ZEIT GmbH | Hamburg |
| Honey GmbH | Hamburg |
| infoscore Business Support GmbH | Baden-Baden |
| infoscore Finance GmbH | Baden-Baden |
| infoscore Portfolio Management International GmbH | Gütersloh |
| inmediaONE] GmbH | Gütersloh |
| justDice GmbH | Hamburg |
| justtrack GmbH | Hamburg |
| mbs Nürnberg GmbH | Nuremberg |
| Mohn Media Energy GmbH | Gütersloh |
| Mohn Media Mohndruck GmbH | Gütersloh |
| MSP Medien-Service und Promotion GmbH | Hamburg |
| Penguin Books Deutschland Gesellschaft mit beschränkter Haftung | Munich |
| Penguin Random House Verlagsgruppe GmbH | Gütersloh |
| Prinovis Ahrensburg Weiterverarbeitung und Logistik GmbH | Hamburg |
| PRINOVIS Service GmbH | Hamburg |
| Prinovis Verwaltungs GmbH | Gütersloh |
| Probind Mohn media Binding GmbH | Gütersloh |
| PSC Print Service Center GmbH | Oppurg |
| Random House Audio GmbH | Cologne |
| Reinhard Mohn GmbH | Gütersloh |
| Relias Learning GmbH | Berlin |
| rewards arvato services GmbH | Munich |
| Riverty Administration Services GmbH | Münster |
| Riverty Group GmbH | Baden-Baden |
| Riverty Services GmbH | Verl |
| RM Buch und Medien Vertrieb GmbH | Gütersloh |
| RM Chemnitz GmbH | Chemnitz |
| RM Elfte Beteiligungsverwaltungs GmbH | Gütersloh |
| RM Hamburg Holding GmbH | Hamburg |
| RM Neubrandenburg GmbH | Neubrandenburg |
| RM Schwerin GmbH | Schwerin |
| Rote Liste Service GmbH | Frankfurt am Main |
| RTL AdAlliance GmbH | Cologne |
| RTL Advertising GmbH | Cologne |
| RTL Audio Center Berlin GmbH | Berlin |
| RTL Audio Vermarktung GmbH | Berlin |
| RTL Deutschland GmbH | Cologne |
| RTL Group Financial Services GmbH | Cologne |
| RTL Group GmbH | Cologne |
| RTL Group Markenverwaltungs GmbH | Cologne |
| RTL Group Vermögensverwaltung GmbH | Cologne |
| RTL Hessen GmbH | Frankfurt am Main |
| RTL interactive GmbH | Cologne |
| RTL Journalistenschule GmbH | Cologne |
| RTL MUSIC PUBLISHING GmbH | Cologne |
| RTL NEWS GmbH | Cologne |
| RTL Nord GmbH | Hamburg |
| RTL Radio Berlin GmbH | Berlin |
| RTL Radio Deutschland GmbH | Berlin |
| RTL Radio Luxemburg GmbH | Cologne |
| RTL STUDIOS GmbH | Cologne |
| RTL Technology GmbH | Cologne |
| RTL West GmbH | Cologne |
| rtv media group GmbH | Nuremberg |
| smartclip Europe GmbH | Düsseldorf |
| Sonopress GmbH | Gütersloh |
| SSB Software Service und Beratung GmbH | Gütersloh |
| Studyflix GmbH | Augsburg |
| SUNDAY GmbH | Hamburg |
| Tabbler GmbH | Hamburg |
| Telamo Musik & Unterhaltung GmbH | Munich |
| TERRITORY GmbH | Hamburg |
| TERRITORY Influence GmbH | Munich |
| TERRITORY MEDIA GmbH | Munich |
| trndnxt GmbH | Munich |
| trndsphere blue GmbH | Munich |
| UFA Distribution GmbH | Potsdam |
| UFA Documentary GmbH | Potsdam |
| UFA Fiction GmbH | Potsdam |
| UFA Fiction Productions GmbH | Potsdam |
| UFA Film und Fernseh GmbH | Cologne |
| UFA GmbH | Potsdam |
| Ufa Radio-Programmgesellschaft in Bayern mbH | Ismaning |
| UFA Serial Drama GmbH | Potsdam |
| UFA Show & Factual GmbH | Cologne |
| Verlag RM GmbH | Gütersloh |
| Verlegerdienst München GmbH | Gilching |
| VIVENO Group GmbH | Gütersloh |
| Vogel Druck und Medienservice GmbH | Höchberg |
| VOX Holding GmbH | Cologne |
| VSG Schwerin - Verlagsservicegesellschaft mbH | Schwerin |
| we are era GmbH | Berlin |

In addition, the exemption regulations set out in section 264b of the German Commercial Code (HGB) were used by the following companies for the financial year ended December 31, 2023. The Bertelsmann Consolidated Financial Statements are the exempting Consolidated Financial Statements for these subsidiaries.

| Name of the entity | Place |
|---|---|
| Antenne Niedersachsen GmbH & Co. KG | Hannover |
| AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG | Cologne |
| AZ fundraising services GmbH & Co. KG | Gütersloh |
| City-Post Service GmbH & Co. KG | Chemnitz |

| Name of the entity | Place |
|---|---|
| DDV Mediengruppe GmbH & Co. KG | Dresden |
| infoscore Portfolio Management GmbH & Co. KG | Verl |
| infoscore Portfolio Management II GmbH & Co. KG | Baden-Baden |
| Prinovis GmbH & Co. KG | Gütersloh |
| Sellwell GmbH & Co. KG | Hamburg |

The consolidated subsidiary Arvato Ireland Limited in Dublin, Ireland, has used the exemption option offered in section 357 of the “Republic of Ireland Companies Act 2014” for publication requirements for its annual financial statements. The consolidated subsidiary Arvato Netherlands B.V. in Heijen, the Netherlands, has elected to make use of the exemption to publish annual accounts in accordance with section 403 (1) of book 2 of the Dutch Civil Code.

## 31 Additional Information in Accordance with Section 315e of the German Commercial Code (HGB)

The compensation of the Supervisory Board of Bertelsmann SE & Co. KGaA for the financial year 2023 amounted to €2 million plus statutory value-added tax. Members of the Executive Board received total remuneration in the financial year 2023 of €19 million, including €18 million from Bertelsmann Management SE. Former members of the Executive Board of Bertelsmann Management SE and Bertelsmann AG and their surviving dependents received compensation of €7 million, including €5 million from Bertelsmann SE & Co. KGaA. The provisions for both pension obligations and transitional payments to former members of the Executive Board of Bertelsmann AG and Bertelsmann Management SE accrued at Bertelsmann SE & Co. KGaA and Bertelsmann Management SE amount to €65 million. The members of the Supervisory Board and Executive Board are listed in the chapter “Boards/Mandates” of this Annual Report.

The following fees were incurred in the financial year for the services of the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft:

| in € millions | 2023 |
|---|---|
| Audit services | 5.8 |
| Other audit-related services | 0.7 |
| Other services | 0.1 |
| Total | 6.6 |

The audit services include the fees for the audit of the consolidated financial statements, the review of the interim consolidated financial statements and the audit of the statutory financial statements of Bertelsmann SE & Co. KGaA and its subsidiaries. Other audit-related services include audits required by law or contract, voluntarily commissioned assurance services in connection with information technology, compliance management, internal control systems and other contractually agreed assurance services. Other services related to quality assurance support and analysis services.

The following table shows the number of employees as of December 31, 2023, and on an annual average:

## Number of Employees

| | Number of employees (closing date) | Number of employees (average) |
|---|---|---|
| RTL Group | 17,439 | 18,125 |
| Penguin Random House | 12,835 | 12,758 |
| BMG | 1,143 | 1,144 |
| Arvato Group | 25,221 | 86,426 |
| Bertelsmann Marketing Services | 6,269 | 6,630 |
| Bertelsmann Education Group | 10,816 | 11,072 |
| Bertelsmann Investments | 5,139 | 4,983 |
| Corporate | 1,556 | 1,543 |
| Total | 80,418 | 142,679 |

## 32 Proposal for the Appropriation of Net Retained Profits

The general partner Bertelsmann Management SE and the Supervisory Board of Bertelsmann SE & Co. KGaA will propose to the General Meeting that the net retained profits of Bertelsmann SE & Co. KGaA of €559 million be appropriated as follows: payment of a dividend to shareholders of €220 million (dividend per ordinary share thus amounts to €2,627) and carry forward to the new financial year in the remaining amount of €339 million.

The general partner Bertelsmann Management SE approved the Consolidated Financial Statements for submission to the Supervisory Board of Bertelsmann SE & Co. KGaA on March 13, 2024. The Supervisory Board's task is to review the Consolidated Financial Statements and declare whether it approves these.

Gütersloh, March 13, 2024

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

Thomas Rabe    Carsten Coesfeld    Rolf Hellermann    Immanuel Hermreck