Brill in 22/23

Annual General Meeting
Leiden, 24 May 2023
Our purpose

We partner with authors and editors in the humanities, social science, and selected fields in the sciences in creating and disseminating high quality & relevant research.

Enabling authors | Informing readers | Serving librarians
Built on a foundation of publishing excellence

We create value by creating and disseminating content.
Core offerings

The shift in model **from transactional print to digital and recurring models** should yield a more sustainable and valuable business.
Looking back at 2022

• Year started with a focus on digital transformation, integrations and growth.

• In April we acquired Wageningen Academic, a high-margin business which can be integrated fairly easily.

• **Open Access program grew with 28%**, exceeding market average. Transformative Agreements doubled and OA books crossed the mark of 1,200 titles.

• **Brill Book Archive** proved a success with 1.4 Mio in sales in 2022.

• **Turpin administration in October** had a significant impact on our numbers and priorities for Q4.
Key figures 2022

in thousands of euros

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>48,048</td>
<td>46,865</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-30</td>
<td>7,203</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-4,513</td>
<td>4,453</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>1,831</td>
<td>3,402</td>
</tr>
</tbody>
</table>

Result, attributable to shareholders of Koninklijke Brill N.V.  

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
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<tbody>
<tr>
<td>Result, attributable to shareholders of Koninklijke Brill N.V.</td>
<td>-3,465</td>
<td>3,036</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>-1.85</td>
<td>1.62</td>
</tr>
<tr>
<td>Dividend (proposed 2022) in euro</td>
<td>0.00</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Key Financial Performance Indicators

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic revenue growth</td>
<td>-4.2%</td>
<td>2.1%</td>
</tr>
<tr>
<td>ROIC</td>
<td>-12.5%</td>
<td>13.3%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>-0.1%</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

- **Revenue up 2.5%** due to acquisitions and FX effects, but declined by **4.2% organically** due to insolvency of main distributor and lower book sales in the DACH region.

- **Negative result** due to organic revenue decline, one-off costs for write-offs of stock and receivables, the acceleration of the move to new distributors, OTC improvements, management changes, integration costs and an impairment of intangible assets.
Open Access revenue grew by 28% from 2.0 to 2.6 million. OA books achieved a revenue of 1.7M and journals were up from 539K to 868K.
Conservative estimate of 2022 Normalized EBITDA of 5.1 million EURO, including margin on missed book sales related to Turpin insolvency.
Update: Global distribution

**Milestones achieved**
- Books POD ROW since Dec 22
- Books POD & offset US Feb 23
- ca. 80% of stock movement
- Journals print & online since Apr 23

**Q2 priorities**
- Books offset ROW planned for May/June 23
- Setup of online retail
- Finance reporting feeds
- Automation of processes (e.g. standing orders)
Priorities 2023: return to profitability & consolidation

**Focus: fix & modernize**
- Finish global distribution setup
- Finish integrations
- Improve finance & reporting systems
- Improve digital infrastructure

**Focus: business-as-usual**
- Catch up on print sales
- On-time publication of book and journal program
- Digital sales, including Open Access
Publishing strategy

- Grow revenue & improve margin
- Focus on acquisitions & quality improvement
- Move from digital first to digital only

Digital Transformation – Open Access – Research Integrity
Key products 2023

- **Indo-European Etymological Dictionaries Online** (Individual dictionaries)
- **Encyclopedia of Taiwan Studies Online**
- **Sezgin Online**
  - A bio-bibliography for the Arabic literary tradition
- **Handbook of Formosan Languages Online**
- **The Indigenous Languages of Taiwan**
- **Brill's Encyclopedia of Critical Understanding in Education Online**
- **Commentaries on World Trade Law Online**
Key products 2023

- History of Religiosity in Latin America Online
- Cuban Pre-Revolutionary Cinema
- The Civil & Military Gazette Online, 1876-1963
Key products 2023
Key products 2023

Brill Book Archive
We will drive a 3-pillar strategy to create value

- Transform to digital
- Fix & modernize
- Grow organically and by acquisitions
Q&A

Annual General Meeting
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## Key Figures 2017-2022

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>36.4</td>
<td>36.0</td>
<td>37.1</td>
<td>37.9</td>
<td>46.9</td>
<td>48.0</td>
</tr>
<tr>
<td>Gross profit</td>
<td>65.5%</td>
<td>67.8%</td>
<td>69.8%</td>
<td>69.7%</td>
<td>72.2%</td>
<td>71.3%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>11.4%</td>
<td>10.1%</td>
<td>14.0%</td>
<td>17.4%</td>
<td>15.4%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>EBIT</td>
<td>9.1%</td>
<td>6.6%</td>
<td>8.9%</td>
<td>11.9%</td>
<td>9.2%</td>
<td>-9.8%</td>
</tr>
<tr>
<td>ROIC</td>
<td>11.1%</td>
<td>7.6%</td>
<td>10.1%</td>
<td>13.8%</td>
<td>13.3%</td>
<td>-12.5%</td>
</tr>
<tr>
<td>EPS</td>
<td>1.21</td>
<td>1.23</td>
<td>1.15</td>
<td>1.54</td>
<td>1.62</td>
<td>-1.85</td>
</tr>
</tbody>
</table>

- Steady revenue growth. **Main driver of growth were acquisitions** while organic growth was slow and followed market average.
- **Gross margin improved** step by step due to steering on margin, decrease in production costs, and increase in digital sales.
- 10-year average of EBITDA of 13.9% with a dip in 2017/2018. Profit improvement plan at the start of 2018 showed positive results.
Update: integrations

Background

• In March 2021 Brill acquired the publishing houses Vandenhoek & Ruprecht and Böhlau.
• In April 2022 we acquired Wageningen Academic, a small life sciences press.

Objectives

• Fully integrate the imprints SFm, V&R, Böhlau and Wageningen Academic into Brill systems and workflows until end of 2023.

Financial Impact

• €480k integration costs in 2023
• Significant cost reduction through synergies as of 2024

Milestones achieved

Matrix organization implemented
Move to Brill ERP and brill.com prepared
Consolidation of office locations in Göttingen
Wageningen personnel transferred to Brill

Priorities 2023 | Planning
--- | ---
Wageningen Academic integrated | 6/23
V&R data migration | 9/23
V&R workflows aligned & content migrated | 10/23
Integration completed | 12/23
Our key messages

Outcome of the audit
- We issued an unqualified audit opinion.
- The financial statements provide a true and fair view.

Materiality and scope of our audit
- Materiality amounts to 405,000 EUR.
- Group audit scoping.

Audit process
- Changes due to Turpin
- Challenging and intensive process

Management Board’s report
- The Management Board’s report complies with laws and regulations.

Key audit matters reports by us
- Significant assumptions in the valuation of intangible assets.
- Insolvency of Brill’s main distributor.
- Acquisition of Wageningen Academic Publishers.

Risk of Fraud and Going concern
- Disclosures and our reporting on fraud.
- No indications of fraud came to our attention during our audit of the 2022 financial statements.

Koninklijke Brill 2022
Outcome of the audit

The financial statements provide a true and fair view and opinion did not change

We have completed our audit of Brill’s 2022 financial statements and have issued an unqualified auditor’s opinion.

Accounting policies are appropriately applied

The financial statements are in accordance with Part 9 of Book 2 of the Dutch Civil Code and the International Financial Reporting Standards as adopted by the European Union (‘IFRS-EU’).

ESEF

In our opinion, the annual report prepared in XHTML format, including the tagged consolidated financial statements as included in the reporting package by Koninklijke Brill N.V., complies in all material respects in accordance with the RTS on ESEF.
Materiality and scope of our audit

Materiality

Overall group materiality: €405,000 (benchmark: revenue). Misstatements above € 40,000 are reported.

Components of the Group

• Koninklijke Brill N.V. (Brill the Netherlands)
• Brill Deutschland GmbH (Brill Germany)
• Brill WAP (The Netherlands)
• Brill Österreich GmbH (Brill Austria)
• Brill USA, Inc (Brill USA)
• Brill Asia Pte Ltd and Brill Consulting Beijing Ltd (together Brill Asia)

We adopted a centralized audit approach with Brill the Netherlands and Brill Germany being the two financially significant component.
Risk of fraud

The primary responsibility for the prevention and detection of fraud lies with the management board, with the oversight of the supervisory board.

We assessed the risk of fraud and determined the following fraud risks:

• Management override of controls.
• Revenue recognition (online revenue only).

No indications of fraud were noted by us.
Other information in the annual report is consistent with the financial statements

No material inconsistencies, material misstatements and/or omissions of the information that is required by Dutch law.
Thank you