



## Full year results 2021

### Brill shows significant growth in revenue, profit levels and eProduct sales in 2021

#### Key Figures

in thousands of euro	2021	2020	Change
Revenue	46,865	37,859	23.8%
EBITDA	7,203	6,600	9.1%
Operating profit	4,454	4,502	-1.1%
Free cashflow	3,402	4,515	-24.7%
Profit, attributable to shareholders of Koninklijke Brill N.V.	3,035	2,896	4.8%
Profit per share in EUR	1.62	1.54	4.8%
Underlying profit	3,764	3,525	6.8%
Underlying profit per share in EUR	2.01	1.88	6.8%
Dividend (proposed 2021) in EUR	0.90	1.25	
<b>Key Financial Performance Indicators</b>			
Organic revenue growth	2.1%	2.2%	
ROIC	13.2%	13.8%	
EBITDA margin	15.4%	17.4%	

These figures are unaudited. The audited financial statements will be published on our website [brill.com](http://brill.com) on April 13th, 2021.

#### Summary

- Revenue increased by 23.8% and EBITDA by 9.1%, with strong revenue development in Q4
- Vandenhoeck & Ruprecht exceeded expectations and integration is on track
- Net profit grew by 4.8% despite V&R integration costs
- eBook sales grew organically by 20% and including V&R by 33.5%
- Strong growth in Open Access and online primary sources
- Brill eBook Archive successfully launched in Q4 2021
- Proposed dividend of EUR 0.90 per (certificate) of ordinary share

#### Peter Coebergh, CEO commented:

“During the second year of the COVID-19 pandemic, Brill continued not only to successfully manage its business as usual, but also to make significant progress on two key strategic objectives: increasing scale and becoming a digitally driven publishing house. The acquisition of the publishing houses Vandenhoeck & Ruprecht and Böhlau (together referred to as V&R) in Germany and Austria was yet another important development in Brill’s 339 years of history as a leading independent academic publisher.”

Total revenue grew by 23.8%, primarily due to the above-mentioned acquisition, and by 2.1% organically. For the first time, Brill’s EBITDA surpassed EUR 7 million. Gross margin, operating profit and net profit all improved as well, despite the costs incurred associated with the integration of V&R.



Based on the 2021 financial results, but also taking into account our ongoing interest in expanding Brill's footprint both organically and through acquisitions, an all-cash ordinary dividend of EUR 0.90 per (certificate of) ordinary share will be proposed at the Annual General Meeting (AGM) of Shareholders.

## Strategic Progress in 2021

Strategically, 2021 was an important year. During the first year of the pandemic, Brill already perceived an increasing number of opportunities to acquire independent publishing houses for which COVID-19 might pose one challenge too many. On 28 February, 2021 we came to an agreement with the Ruprecht family to acquire the assets of their publishing houses Vandenhoeck & Ruprecht and Böhlau (V&R), founded in 1735 in Göttingen (Germany). In terms of additional revenue V&R represents the largest acquisition in Brill's history. The acquisition of V&R strengthens our international market position as well as our standing in the important Humanities market in Germany. V&R's business profile is nearly identical to Brill's, thereby offering ample opportunities to realize operational savings and revenue growth by bundling our offerings to the market. We are proud to be able to state that in 2021, V&R performed well above expectations in terms of profitability.

Important progress was also made in Brill's second key strategic objective: becoming a digitally driven publishing house. In April 2021 we strengthened our management by appointing a VP Technology, bringing key IT and digitalization knowledge in-house. Under his leadership Brill's digital infrastructure will be further developed and improved.

In 2021, Brill launched the first part of the Brill Book Archive. This project aims to digitize nearly the complete archive of books published during Brill's rich history. The product was launched at the end of 2021 and made a significant contribution to the important Q4 sales period.

Despite the continued cancellation of in-person academic conferences, we continued to acquire high-quality content. Twenty journals, more than 30 book series and several online reference works and primary sources were added to our programs. One of the highlights is the journal *Folio Primatologica*, which was founded in 1963 and will publish its first issue at Brill in 2022.

## Operational Progress in 2021

In order to focus on improving the company's IT infrastructure, the Operations department was reorganized and a new Technology department created. Several new IT staff members with profiles crucial for our future digital development were recruited. Numerous projects were launched and implemented, including an upgrade of the ERP system and the introduction of a new digital workplace environment.

Continuing underperformance by our UK distributor and COVID-19 associated shortages in the labour market led to a disappointing 2021 journal renewal and delays in book deliveries and sales at the end of 2021.

The integration with V&R was a key operational process in 2021. Immediately following the acquisition, integration teams were created and a global matrix organization was introduced and implemented. The integration process, which will continue for another year, achieved the planned timeline, within budget.

## Organization

As announced in a press release on 10 February, 2022, CEO Peter Coebergh will leave Brill at the end of his term on 25 May, 2022. The Supervisory Board has initiated a comprehensive and thorough process to identify a new CEO. Once this process has been finalized, an Extraordinary General Meeting of Shareholders will be called.



## Financial development (all numbers in euro)

### Revenue

Brill's revenue increased by 23.8% in 2021, mainly driven by the acquisition of V&R. Excluding V&R, revenue grew organically by 2.1%. See the table below for growth by product type excluding V&R.

(In thousands of euro)	2021	2020	Organic growth	Growth
Print books	16,865	13,511	-15.6%	24.8%
eBooks	16,278	12,196	22.2%	33.5%
Journals	12,322	11,075	-1.3%	11.3%
Primary sources	1,400	1,078	31.8%	29.9%
<b>Total</b>	<b>46,865</b>	<b>37,859</b>	<b>2.1%</b>	<b>23.8%</b>

The decline in print book sales continued, accelerated by the COVID-19 pandemic. The sale of eBooks more than compensated for this trend, driven by new business models such as Evidence Based Acquisitions and the Brill Book Archive. Total book revenue increased organically by 2.4%.

Our UK-based global distributor continued to experience serious performance issues, which particularly affected 2021 journal revenue. A disappointing journal renewal result was noted only at the end of the summer, providing little time to recoup non-renewed subscriptions. As a result, journal revenue shows a small decline compared to 2020. Measures have been taken to improve renewal processes and to resume the trend in journal growth of the past few years.

Revenues of primary source products are driven mainly by larger, non-subscription based deals. In 2021 an increased number of such deals was realized, resulting in substantial growth in revenue for this product type.

(In thousands of euro)		% of total growth	Year on year growth
Revenue 2020	37,859	100.0%	
Print books	-2,101	-5.6%	-13.5%
eBooks	2,707	7.2%	20.0%
Journals	-147	-0.4%	-2.9%
Primary sources	345	0.9%	31.8%
<b>Organic revenue 2021</b>	<b>38,663</b>	<b>102.1%</b>	<b>2.1%</b>
<b>Acquisitions</b>	<b>8,516</b>	<b>22.5%</b>	
<b>Currency</b>	<b>-315</b>	<b>-0.8%</b>	
<b>Total revenue 2021</b>	<b>46,865</b>	<b>123.8%</b>	<b>23.8%</b>

Our 2021 revenue was negatively impacted by the movement in the exchange rate of the US dollar, causing a -0.8% decline.

V&R, acquired in Q1 and included in our numbers as from March, performed above expectations. The consolidated revenue of the Group by product type, reporting V&R separately, was as follows:



(In thousands of euro)	Brill excluding V&R	V&R	Total
Print books	11,292	5,573	16,865
eBooks	14,744	1,534	16,278
Journals	10,913	1,409	12,322
Primary sources	1,400	0	1,400
<b>Revenue 2021</b>	<b>38,349</b>	<b>8,516</b>	<b>46,865</b>

Revenue generated through digital products was EUR 25.7 million or 55% of total, versus EUR 21.2 million or 56% of total in 2020. The percentage of digital revenue declined slightly due to the acquisition of V&R; organically the percentage of digital revenue increased to 63%.

#### *Cost of Goods Sold and Operating Expenses, EBITDA*

Gross margin improved to 72.2% from 69.7% in 2020, due to the acquisition of V&R, continuous efforts for cost savings and the change in revenue mix from print to digital. V&R has a relatively high gross margin due to a high number of print book grants.

Total operating expenses increased by around EUR 1 million (excluding the impact of the acquisition of V&R) compared to 2020. Personnel costs (excluding V&R) increased by around EUR 800 thousand, caused by the hiring of additional FTEs as we invested in Technology staff, and filled vacancies remaining open from 2020 when a hiring freeze as part of the COVID-19 measures was introduced. Other operating expenses (excluding V&R) increased by approximately EUR 200 thousand, primarily because 2020 results included one-off benefits from a COVID-19 relief funding in the US (PPP subsidy) and the benefit of a claim against our distribution partner. As in 2020, costs for travel and visiting academic conferences were lower than usual due to COVID-19 related restrictions. It is estimated that approximately EUR 750 thousand would have been spent on travel and conferences without such restrictions in place.

In 2021, costs of EUR 993 thousand were recorded related to the acquisition and integration of V&R, EUR 168 thousand in revaluation result on financial assets and EUR 122 thousand from the release of accrued costs for our profit improvement plan, which began in 2018 and was finalized in December 2020. These three exceptional cost items are reported outside our EBITDA.

There are no special events that should be taken into account for the financial statements.

#### *Depreciation and Amortization, and Financing Income and Costs*

Depreciation and amortization, other than recognized in cost of goods sold, developed in line with expectations.

#### *Profit and Profit per Share*

In summary, operating profit and profit before tax increased due to the operating expense items discussed above.

In 2021, the Dutch government increased the corporate income tax rate from 25% to 25.8%. Consequently, in our statement of financial position, the deferred tax liability increased by EUR 160 thousand and the same amount was added to the tax charge in the statement of profit or loss.

Underlying net profit, excluding one-off expenses and benefits related to the acquisition of V&R, revaluation of financial assets, the release of a restructuring provision and a one-off tax impact, amounted to EUR 3.8 million in



2021, an increase of 7.0% compared to 2020 (EUR 3.5 million). This translates into an underlying earnings per share of EUR 2.01 for 2021. Reported net profit for 2021 came in at EUR 3.0 million (2020: EUR 2.9 million).

(In thousands of euro)	2021	2020	2019
<b>Profit before tax</b>	<b>4,317</b>	<b>4,427</b>	<b>3,107</b>
Cost of profit improvement plan	-124	308	0
Revaluation of JusMundi shares	-168	0	0
PPP Subsidy US (COVID-related)	0	-296	0
Costs for the acquisition and integration of V&R	993	262	0
<b>Underlying profit before tax</b>	<b>5,018</b>	<b>4,701</b>	<b>3,107</b>
Tax, at the statutory rate	-1255	-1,175	-798
<b>Underlying profit</b>	<b>3,764</b>	<b>3,525</b>	<b>2,394</b>
Integration costs, after tax	-745	-197	0
Profit improvement plan, after tax	93	-206	-64
Revaluation of JusMundi shares, after tax	126	0	0
Change in deferred tax liability and other	-202	-227	-169
<b>Profit attributable to shareholders of Koninklijke Brill NV</b>	<b>3,036</b>	<b>2,896</b>	<b>2,162</b>
Underlying earnings per share (in euro)	2.01	1.88	1.28
Earnings per share (in euro)	1.62	1.54	1.15

### *Operating Working Capital and Cash Flow*

Operating working capital increased by EUR 1.4 million, mainly due to timing differences in payables related to corporate tax and VAT. Despite this, our cash flow ended EUR -0.5 million negative, mainly due to the acquisition of V&R for which EUR 0.8 million was used from our cash position (net of acquisition price EUR 3.7 million and proceeds from new interest bearing loan of EUR 2.9 million) and EUR 1.0 million was spent on advice and integration costs. In August 2021, the Group entered into a new the financing agreement that continues to support our strategy.

### *Return on Invested Capital*

Return on Invested Capital (ROIC) decreased slightly to 13.2% compared to 13.8% in 2020.

### *Solvency and Liquidity*

Total assets (EUR 60.7 million) increased versus 2020 (EUR 53.6 million), mainly due to the acquisition of V&R. Solvency (shareholders' equity divided by total assets) consequently declined in 2021 to 40.8% (2020: 44.6%; target range of 40–60%). Our expectation is that this ratio will improve towards the middle of the range in the next three years.

### *Dividend*

We adhere to our corporate solvency policy of 40–60%. Also, Brill will continue to pursue its capital management policy whereby strategic investments and add-on acquisitions must be funded within free cash flow. We therefore will propose at the Annual General Meeting of Shareholders, to be held on 25 May, 2022, an all-cash ordinary dividend of EUR 0.90 per (certificate of) ordinary share (2020 EUR 1.25, 2019 EUR 0.00). This is 55.6% of 2021 Earnings Per Share of EUR 1.62.



## *Future developments*

We continue to focus on the execution of our long-term strategy. A significant step in that strategy was taken by the acquisition of V&R on 1 March, 2021. We remain committed to our long-term objective to be a digitally driven publishing house, with an average organic revenue growth of 2 to 3% and an EBITDA margin of more than 17%. Together with the ongoing V&R integration, this will require ongoing investments in people and tools that will make Brill even further future proof.

Leiden, April 7, 2022

Peter Coebergh, Chief Executive Officer

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## About Brill

Founded in 1683 in Leiden, the Netherlands, Brill is a leading international academic publisher in the Humanities, Social Sciences, International Law, and Biology. With offices in the Netherlands, Germany, Austria, the USA and Asia, Brill today publishes more than 360 journals and 2,000 new books and reference works each year as well as a large number of databases and primary source research collections. Commitment to Open Access and the latest publishing technologies are at the core of Brill's mission to make academic research available for the scholarly community worldwide. The company's key customers are academic and research institutions, libraries, and scholars. Brill is a publicly traded company and is listed on Euronext Amsterdam NV. For further information, please visit [brill.com](http://brill.com).



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

In thousands of euros

	<u>31-12-2021</u>	<u>31-12-2020</u>	
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant and equipment	273	223	
Right of use assets	1,322	1,458	
Intangible assets]	36,163	32,562	
Financial assets	283	112	
Deferred tax assets	<u>81</u>	<u>38</u>	
	38,122	34,393	
<b>Current assets</b>			
Inventories	4,815	3,069	
Trade and other receivables	11,373	10,073	
Income tax	185	49	
Cash and cash equivalents]	5,439	5,899	
Derivative financial instruments	<u>0</u>	<u>158</u>	
	21,812	19,247	
<b>Total assets</b>	<u>59,934</u>	<u>53,640</u>	
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of Koninklijke Brill NV</b>			
Share capital	1,125	1,125	
Share premium	343	343	
Retained earnings	23,622	22,929	
Other reserves	<u>-307</u>	<u>-479</u>	
	24,783	23,918	
<b>Non-current liabilities</b>			
Interest bearing loans	4,566	3,500	
Lease liabilities	612	1,106	
Deferred tax liabilities	<u>5,160</u>	<u>4,226</u>	
	10,338	8,832	
<b>Current liabilities</b>			
Interest bearing loans	1,588	1,083	
Trade and other payables	13,159	9,459	
Deferred income	9,030	8,967	
Lease liabilities	928	728	
Derivative financial instruments	6	21	
Income tax	<u>102</u>	<u>632</u>	
	24,813	20,889	
<b>Total equity and liabilities</b>	<u>59,934</u>	<u>53,640</u>	



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

For the year ended 31 December

In thousands of euros

	2021	2020
Revenue	46,865	37,859
Cost of goods sold	-13,027	-11,487
Gross Profit	33,838	26,372
<b>Expenses</b>		
Selling and distribution expenses	-7,306	-6,766
General and administrative expenses	-22,079	-15,104
<b>Operating Profit</b>	4,453	4,502
Finance income	72	112
Finance expenses	-208	-187
<b>Profit before income tax</b>	4,317	4,427
Income tax	-1,281	-1,531
<b>Profit for the period attributable to shareholders of Koninklijke Brill N.V.</b>	3,036	2,896
<b>Other comprehensive (expense) income – items that might be reclassified to future profit or loss statements</b>		
Exchange differences in translation of foreign operations	160	-170
Net gain or loss on cash flow hedges	16	-25
	176	-195
Income tax relating to these items	-4	5
<b>Other comprehensive income for the period attributable to shareholders of Koninklijke Brill N.V.</b>	172	-190
<b>Total comprehensive income for the period attributable to shareholders of Koninklijke Brill N.V.</b>	3,208	2,706
<b>Earnings per share (in euros)</b>		
Basic and diluted earnings per share attributable to shareholders of Koninklijke Brill N.V.	1.62	1.54



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

In thousands of euros

	2021	2020
<b>Cash flows from operating activities</b>		
Profit before income tax	4,317	4,427
<i>Adjustments for</i>		
Amortization and Depreciation fixed assets	2,047	1,790
Amortization Content	3,067	2,856
Finance income and expense – net	137	133
<i>Change in operating assets and liabilities</i>		
Change in working capital	1,533	-1,366
Cash generated from operations	11,101	7,840
Interest paid/received	-185	-133
Income tax paid/received	-936	1,077
<b>Net cash flows from operating activities</b>	9,980	8,784
<b>Cash flows from investing activities</b>		
Investment in property, plant and equipment	-104	-46
Investment in intangible assets (non-content)	-1,414	-448
Investment in content	-3,552	-2,845
Investment in non-current financial assets	0	-100
Payments for acquisitions, net of cash acquired	-3,671	-120
<b>Net cash flow from investing activities</b>	-8,741	-3,559
<b>Cash flows from financing activities</b>		
Dividend paid to company shareholders	-2,343	0
Interest bearing loan	2,900	0
Redemption Interest bearing loans	-1,334	-270
Redemption lease liabilities	-922	-843
<b>Net cash flows from financing activities</b>	-1,699	-1,113
<b>Net cash flow</b>	-460	4,111
<b>Cash and cash equivalents as per 1 January</b>	5,899	1,788
Net cash flow	-460	4,111
<b>Cash and cash equivalents as per 31 December</b>	5,439	5,899