

Acquisitions and eBusiness continue to drive growth at Brill in HY1 2021

Key Figures (in EUR thousands)	2021 H1	2020 H1	Change
Revenue	19,304	16,215	19.1%
Gross profit	13,925	10,685	30.3%
EBITDA	1,677	1,333	25.8%
Acquisition, integration and restructuring costs	-618	-	
Operating profit	86	392	-78.2%
Profit attributable to shareholders of Koninklijke Brill NV	-42	120	-134.9%
Earnings per share (EPS)	-0.02	0.06	-134.9%
Key Performance Indicators			
Organic growth (excluding acquisition and currency effects)	3.9%	4.2%	
EBITDA margin	8.7%	8.2%	

NOTE: The information in this report is based on unaudited interim financial statements.

Highlights

- Revenue up 19.1%, mainly driven by the acquisition of Vandenhoeck & Ruprecht Verlage (V&R)
- Organic revenue growth 3.9%
- COVID-19 accelerates the shift from print to digital
- Very strong eBook sales with 14.9% organic growth
- Journals decline due to timing of releases
- EBITDA up 9% excluding the V&R acquisition
- Net profit includes V&R acquisition integration costs of EUR 618 thousand
- Wim Dikstaal appointed as CFO and Management Board member per September 1
- New financing agreement with RABO signed

Peter Coebergh, CEO commented:

"The highlight of the first HY 2021 was the acquisition of Vandenhoeck & Ruprecht (V&R) in February. Together with our new German and Austrian colleagues we have started the integration process which runs on schedule. So far the performance of V&R is in line with expectations. We are satisfied with the underlying revenue and profit development at Brill and are still benefiting from cost savings due to limited travel. Last year's acceleration of our eBusiness continues and compensates the ongoing decline in print book sales. In a still uncertain market environment Brill continues to execute its strategic agenda to become a fully digitally driven publishing house and to grow our revenue, profit and scale".

Developments in the first half year

Vandenhoeck & Ruprecht

On March 1, 2021 Brill acquired all business assets of Vandenhoeck & Ruprecht Verlage. The renowned German publishing house, founded in 1735 and headquartered in Göttingen, has a superb and long-standing international reputation in the Humanities, especially in the fields of Theology and History. Since 2017 Böhlau Verlag, another



high-quality humanities publisher, based in Cologne and Vienna, is also part of the V&R group. The V&R group was integrated in Brill GmbH together with Schöningh & Fink (S&F) which was acquired by Brill in 2016. The integration process started immediately in March and integration teams consisting of Brill, V&R and S&F staff were formed. These teams developed integration plans per department. The integration is running according to schedule and a global matrix organization was implemented.

During the second half of 2021 these integration plans will be executed and will start to generate revenue synergies and operational savings as of HY1 2022, in line with our business case for the acquisition.

Publishing

In the first half of 2021 Brill concluded several Open Access agreements amongst which transformative agreements with the UK JISC and Swedish BIBSAM consortium and a collaboration with the Leiden based project Open Philology, funded by the European Research Council. Open Access revenue increased by 20% compared to the first half of 2020.

In February the *Encyclopaedia Iranica* Online was launched in cooperation with the Ehsan Yarshater Center for Iranian Studies at Columbia University, New York. The Brill Book Archive, a major project to digitize Brill backlist, is progressing according to plan and is ready to launch in September of this year. On August 11, 2021 Brill acquired the journal *Folia Primatologica* from Karger Publishers, this title will be added to the Biology portfolio and will be published by Brill in 2022.

COVID-19

Due to the ongoing pandemic travel is limited and academic conferences take place only virtually. Most of Brill's staff is still working from home, but in our offices in the Netherlands and Germany up to 1/3 of our staff is present on a daily basis. The academic community and trade partners have gotten used to this exceptional situation and functions almost completely as normal. Brill expects that negative effects may continue to occur in certain markets due to local outbreaks of Covid-19 and local government measures. However, we do not any longer expect significant negative impact on revenue or profit as a result of those outbreaks and measures.

Financial review

Revenue development

Revenue growth by publication format was as follows:

Revenue growth by publication format (EUR thousands)	Revenue H1	% of Total growth	Organic Growth
Total revenue 2020	16,215		
Print books	-308	-1.9%	-5.5%
eBooks	767	4.7%	14.9%
Journals	-256	-1.6%	-5.0%
Primary sources	426	2.6%	115.5%
Organic revenue 2021	16,845	3.9%	3.9%
Acquisitions	2,969	18.3%	
Currency	-510	-3.1%	
Total revenue 2021	19,304	19.1%	



On March 1, 2021 Brill acquired all business assets of Vandenhoeck & Ruprecht Verlage. Brill's HY 2021 revenue includes the March – June revenue from the V&R acquisition for an amount of EUR 2,969 thousand:

Revenue by publication format (EUR thousands)	Brill	V&R	Total
Print books	6,213	2,026	8,239
eBooks	4,658	409	5,067
Journals	4,711	534	5,245
Primary sources	754	-	754
Total revenue 2021	16,336	2,969	19,304

eBook revenue grew organically by almost 15%, driven by strong sales efforts, an increase in the amount of eBooks and the acceleration from print to digital products caused by COVID-19. Print books organically declined by 5.5%, bringing the organic growth for total books revenue to 4.3%.

Timing in the release of journal issues led to an organic decline in journal revenues of 5%, most of the gap was closed in July and we expect the remainder to be mitigated by the end of August. Primary sources revenue is mainly from large deals of which we got 2 more compared to HY2020.

Revenue by region was as follows:

Revenue growth by region (EUR thousands)	Revenue H1	% of Total growth	Organic Growth
Total revenue 2020	16,215		
Western Europe	-239	-1.5%	-3.1%
North America	860	5.3%	13.7%
Asia Pacific	-152	-0.9%	-9.5%
Other	160	1.0%	22.7%
Organic revenue 2021	16,845	3.9%	3.9%
Acquisitions	2,969	18.3%	
Currency	-510	-3.1%	
Total revenue 2021	19,304	19.1%	19.1%

North America showed strong growth in HY1 2021, driven by eBook sales and more large deals (deals > 100 thousand) in Primary Sources. Asia Pacific declined by more than 9%, caused by lower book sales due to COVID-19 measures in our key markets China, India and Japan. Western Europe revenue declined by 3.1%, mainly due to timing in journal issues mentioned above, and lower book sales.

Digital revenue as a percentage of overall revenue decreased to 54% for the Group, but excluding V&R the percentage increased to 60% from 57% in 2020.

Subscription based revenue remained stable at 42% of revenue.



Cost of goods sold

Underlying (excluding V&R) cost of goods sold decreased by around EUR 700 thousand versus the prior year, driven by the shift from print to online books and lower journal sales. Also, 2020 cost of goods sold included a COVID-19 - induced write-off in the product development portfolio (EUR 200 thousand) and an extra addition to the accrual for non-saleable stock (EUR 100 thousand). Consequently, underlying Gross margin at HY1 improved from 66% to 70%. V&R has a very high Gross Margin of 83%, related to higher printing subsidies compared to Brill. Gross margin for the consolidated Group is 72%.

Selling, general and administrative expenses

Underlying Selling, general & administrative expenses increased by around EUR 700 thousand mainly due to higher cost for interim staff (CFO, IT and HR) and the 2020 grant under the US federal PPP program of USD 300 thousand which was recorded as a negative expense in HY 2020.

V&R contributed EUR 230 thousand to the Group's EBITDA of EUR 1,677 thousand. HY results of the Group include EUR 618 thousand acquisition and integration costs that are reported outside of EBITDA.

Balance sheet – Working Capital

Working Capital movement was EUR 2.9 million versus EUR 1.7 million in HY1 2020, mainly as a result of including V&R, timing in payments and therefor outstanding balances of trade payables, social security and pension premiums and higher deferred income.

Balance sheet - Liquidity and financing

On August 17, 2021 Brill and Rabobank signed a new facility agreement, giving the Group access to EUR 5.0 million in working capital facility and EUR 5.0 million in acquisition facility. Of the EUR 3.9 million drawn from the acquisition facility in March to finance the acquisition of V&R, EUR 2.9 million was converted into an interest bearing loan. The loan will be repaid quarterly over 6 years starting in September 2021 and has a 5-year fixed interest rate of 2.45%. The covenants are substantially in line with the previous agreement.

Management update

In the AGM of 19 May, 2021 Mrs. Anneke Blok was appointed as member of the Supervisory Board. She succeeded Mrs. Catherine Lucet, who resigned after having fulfilled the maximum of two terms.

In April our CFO Olivier de Vlam sadly passed away. Brill is very grateful for Olivier's contribution to the development of Brill during the past few years. Wim Dikstaal, who replaced Olivier already during his periods of illness, will be appointed as CFO and member of the Management Board as of September 1. Fully supported by the Works Council, the Supervisory Board intends to appoint him as statutory director at the AGM of 25 May, 2022.

Risk management

No significant changes occurred in the company's assessment of relevant risks since the publication of the annual report 2020.



Outlook

The company is cautious with providing guidance for the full year. HY2 pipeline for product releases, deferred income and sales opportunities look good and assuming a limited impact of the ongoing COVID-19 pandemic, we expect to achieve an organic revenue growth in line with expectations. Net profit will decline compared to last year, as a result of the expected EUR 1 million integration costs of the V&R acquisition, as communicated earlier.

Responsibility statement

The Half Year Report 2021 is an accurate account of assets and liabilities, the financial position and the profit of Koninklijke Brill NV and the entities which are included in the consolidation. Also the Half Year Report is an accurate account of the situation on the balance date, the state of affairs during the first half of the fiscal year of Koninklijke Brill NV and that of the entities whose data are included in the Half Year Report. Special attention is paid to investments and to the circumstances on which revenues and profitability depend. Please note that the figures per 30 June, 2021 have not been reviewed nor audited by our auditors.

Leiden, 26 August, 2021

The Management Board

Peter Coebergh, CEO - peter.coebergh@brill.com +31 (0)6 53 57 83 25

Jasmin Lange, CPO

Wim Dikstaal, CFO ad interim

For further Financial information please see the Half Year Report at

<https://brill.com/page/InvestorRelations/investor-relations>

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.

Consolidated statement of financial position, before appropriation of profit
in thousands of euro's

	30-6-2021 (Unaudited)	31-12-2020 (Audited)	30-6-2020 (Unaudited)
ASSETS			
Non-current assets			
Tangible fixed assets	141	223	260
Right of use assets	1,641	1,458	1,645
Intangible assets	35,623	32,562	33,106
Financial assets	125	112	112
Deferred tax assets	38	38	-
	<u>37,567</u>	<u>34,393</u>	<u>35,122</u>
Current assets			
Inventories	5,312	3,068	2,696
Trade and other receivables	7,560	10,073	8,160
Income tax to be received	435	49	855
Cash and cash equivalents	3,590	5,899	3,570
Derivative financial instruments	120	158	-
	<u>17,017</u>	<u>19,247</u>	<u>15,280</u>
TOTAL ASSETS	<u><u>54,585</u></u>	<u><u>53,640</u></u>	<u><u>50,403</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of Koninklijke Brill NV			
Share capital	-1,125	-1,125	-1,125
Share premium	-343	-343	-343
Retained earnings	-20,544	-20,033	-20,033
Other reserves	447	-2,416	431
Total equity	<u><u>-21,566</u></u>	<u><u>-23,918</u></u>	<u><u>-21,070</u></u>
Non-current liabilities			
Interest bearing loans	-5,862	-3,500	-3,497
Lease liabilities	-1,668	-1,106	-1,669
Deferred tax liabilities	-4,246	-4,226	-3,524
	<u>-11,776</u>	<u>-8,832</u>	<u>-8,691</u>
Current liabilities			
Interest bearing loans	-1,083	-1,083	-
Trade and other payables	-10,225	-9,459	-10,516
Deferred income	-9,616	-8,967	-8,379
Lease liabilities	-300	-728	-333
Provisions	-	-	-50
Derivative financial instruments	-13	-21	-240
Tax to be paid	-4	-631	-1,124
	<u>-21,242</u>	<u>-20,890</u>	<u>-20,641</u>
Total liabilities	<u><u>-33,018</u></u>	<u><u>-29,722</u></u>	<u><u>-29,333</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>-54,584</u></u>	<u><u>-53,640</u></u>	<u><u>-50,403</u></u>



Consolidated statement of profit or loss and other
comprehensive income for the six months end June 30, 2021
in thousands of euro's

	2021 H1 (Unaudited)	2020 H1 (Unaudited)	2020 FY (Audited)
Revenue	19,304	16,215	37,859
Cost of goods sold	<u>-5,380</u>	<u>-5,530</u>	<u>-11,487</u>
Gross profit	13,925	10,685	26,372
Expenses			
Selling and distribution costs	-3,906	-3,281	-6,766
General and administrative expenses	<u>-9,933</u>	<u>-7,012</u>	<u>-15,104</u>
Operating profit	85	392	4,502
Finance income	12	-	112
Finance expenses	<u>-154</u>	<u>-232</u>	<u>-187</u>
Profit before income tax	-57	160	4,427
Income tax expense	15	-40	-1,531
Profit attributable to shareholders of Koninklijke Brill NV	<u>-42</u>	<u>120</u>	<u>2,896</u>
Other comprehensive (expense) income before tax			
Exchange rate differences in translation of foreign operations	<u>186</u>	<u>-115</u>	<u>165</u>
Cash flow hedges	<u>-49</u>	<u>-237</u>	<u>12</u>
	138	-352	177
Income tax relating to these items	-34	89	-44
Total comprehensive income for the period attributable to shareholders of Koninklijke Brill NV	<u>62</u>	<u>-143</u>	<u>3,029</u>



Consolidated statement of cash flows for the six months ended June 30, 2021
in thousands of euro's

	30-6-2021 (Unaudited)	30-6-2020 (Unaudited)	31-12-2020 (audited)
Cash flow from operating activities			
Profit before income tax	-57	160	4,427
<i>Adjustments for</i>			
Amortization and Depreciation fixed assets	974	645	1,790
Amortization and disposals Content	950	1,367	2,856
Finance income – net	114	122	133
<i>Change in operating assets and liabilities</i>			
Change due to implementation of IFRS9 and IFRS15			
Change in operating working capital	2,895	1,651	-1,366
Change in provisions (long term)		-	
Cash generated from operations	<u>4,876</u>	<u>3,945</u>	<u>7,840</u>
Interest paid/received (including lease interest 2019)	-114	-110	-133
Income tax paid/received	-951	256	1,077
Net cash flow from operating activities	<u>3,810</u>	<u>4,091</u>	<u>8,784</u>
Cash flows from investing activities			
Investment in tangible fixed assets	-45	-	-46
Investment in intangible fixed assets (non-content)	-129	-	-448
Investment in Content	-1,504	-1,587	-2,845
Investment in financial fixed assets		-100	-100
Payments for acquisitions, net of cash acquired	-4,000	-85	-35
Net cash flow from investing activities	<u>-5,678</u>	<u>-1,772</u>	<u>-3,473</u>
Cash flow from financing activities			
Dividend paid to company shareholders	-2,343	-	-
Interest bearing loans	2,900	-	-
Redemption Interest bearing loans	-540	-230	-270
Redemption lease liabilities	-457	-307	-843
Net cash flow from financing activities	<u>-440</u>	<u>-537</u>	<u>-1,113</u>
Net cash flow	<u><u>-2,309</u></u>	<u><u>1,782</u></u>	<u><u>4,196</u></u>